

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

London, Thursday, September 10, 1998

No. 35,932

CLINTON'S NEW APPEAL: 'I ASK FOR YOUR FORGIVENESS'

Starr Sends His Report On Scandal to Congress

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton made his broadest appeal so far to the American people on Wednesday for forgiveness in the Monica Lewinsky scandal as the special prosecutor sent a massive report to Congress that could lead to impeachment proceedings.

Mr. Clinton asked an audience in Orlando, Florida, to "tell your friends and neighbors that I'm grateful and I'm determined to redeem the trust of all the American people."

"I ask you for your understanding and forgiveness," he said. "These have been the toughest days of my life, and they may turn out to be the

most valuable for me and my family." The comments came on an eventful day that began with Mr. Clinton in Washington, meeting top Democratic legislators at the White House to

An election funds inquiry ordered by the attorney general targets Clinton. Page 3.

seek their forgiveness and urge them to remain united in the face of what is expected to be a strongly critical report by Kenneth Starr, the independent counsel.

Americans got a dramatic sense of how vast Mr.

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Congressmen discussing Wednesday how to handle the Starr report, right to left: Henry Hyde, House Judiciary Committee chairman; Dick Army; Newt Gingrich, the House speaker; Richard Gephardt, minority leader, and John Conyers.

Glimmer of a Race in Germany

Buoyed by Latest Polls, Kohl Shows a New Vigor

By John Vinocur
International Herald Tribune

BONN — Chancellor Helmut Kohl's projected vote total ticked up one-tenth of a percentage point in a poll published Wednesday, and the line here was that he was now certain to catch Gerhard Schröder — if the German election campaign lasted until Christmas.

Germans vote, in fact, on Sept. 27, and there has been a broad assumption in the country, reflecting both the public opinion surveys that give the Social Democrats leads of 3 to 6 percentage points and the feeling that Mr. Schröder has made no false steps, that it is too late for the chancellor's Christian Democrats to overtake his challenger.

Mr. Kohl's backers acknowledge the lag, admit that the catch-up process is slow but insist that there is still a race.

For the first time since campaigning began — and perhaps only for a short moment — their argument seems to have some vitality. It is not only that three elections with national repercussions have dramatically belied polls over the last year and that the pollsters themselves say unusually large segments of the electorate remain undecided. Rather, much has gone palpably well for Mr. Kohl in the last two weeks.

The chancellor looked energetic, comfortable and sovereign in the back-to-back speeches that

passed as a debate with Mr. Schröder in the Bundestag. The confusion and instability in Russia has come as a windfall to a campaigner who casts himself as a guarantor of security and his opponent as an inconsistent novice. The unemployment picture, the central issue in voters' concerns, has brightened, with the president of the national labor office announcing Tuesday that a downward trend (at a current 10.6 percent jobless rate) had taken hold.

Now, Mr. Kohl is hoping for an essential psychological lift and real movement in the electorate to emerge from Bavarian elections Sunday. If the Christian Democrats' Bavarian sister party, the Christian Social Union, polls more than 50 percent of the vote, as it has since the 1970s, Kohl backers believe the result can create momentum and a sense of possible victory that their campaign has lacked so far.

"For a whole lot of undecided voters, a very good result in Bavaria means that Kohl can do it, that Schröder can be beaten," said a Christian Democratic member of Parliament running for reelection. And if the score is only lukewarm? "Then we miss out on an important push."

Without the push, the party loses its chance to say it is on a victory roll and establish its comeback at the heart of national discussion over the last two

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Helmut Kohl preparing Wednesday to start his final cabinet meeting before the Sept. 27 elections.

Japan Takes a Stab At Lifting Economy

Key Interest Rate Is Brought Down to 0.25%

By Sheryl WuDunn
New York Times Service

TOKYO — In a desperate attempt to lift Japan out of its worst recession since World War II, the central bank said Wednesday that it would further ease monetary policy by pushing down a key interest rate to the extraordinarily low rate of one-quarter of one percent.

Financial markets reacted sharply, and Japan's currency plunged almost 4 percent against the dollar, which surged more than 4 yen in its biggest one-day gain in three years.

In 4:00 P.M. trading in New York, the dollar was quoted at 136.845 yen, up from 132.200 yen on Tuesday.

But Japanese authorities were willing to risk the fall of the yen, which had strengthened considerably in recent days, in an attempt to stimulate economic activity.

The Bank of Japan said it would bring down its overnight interbank rate, shaving in half the rate that guides the vital flow of funds that course through the vast and increasingly shaky financial system here. The interbank rate that it lowered Wednesday is essentially the money-market rate that banks charge each other when they lend money overnight. However, cutting the rate will not immediately reduce corporate borrowing rates.

Economists in Tokyo and abroad have been calling on Japan to loosen monetary policy to reflate the economy and help avert a global recession.

Though Japan has been staggering under a burden of shrinking demand, tumbling corporate profits, sliding prices and rising unemployment, until now the Bank of Japan has fiercely resisted lowering interest rates, partly because they were already the lowest in the world. But Wednesday, it conceded that the nation needed to prevent the economy from sinking further.

"The timing is appropriate in light of the instability in the financial markets," said Masaru Hayami, the central bank governor. "It will help bring stability to the markets."

Mr. Hayami tried to deflect speculation that the policy change was made as part of an arrangement, perhaps tacit, with the United States and other major economies to avert a global economic slowdown.

"There was no international discussion at all," he said.

The interest-rate cut is more significant in signaling a shift in policy than in its ability to make funds much cheaper, simply because the overnight rate — similar to the federal funds rate in the United States — already has been just under one half of a percent for three years. In contrast, the rate in the United States was 5.5 percent Wednesday.

One reason the Bank of Japan had resisted lowering the interest rate was that all but one of its nine policy-board members had said they wanted to save a rate cut for a real economic emergency. With this rate change, interest rates be-

The Dollar			
New York	Wednesday 4 PM	previous close	
DM	1.7212	1.7305	
Yen	136.845	132.2	
FF	5.7705	5.7945	
Gold	1.668	1.6565	
The Dow			
	Wednesday close	percent change	
S&P 500	1,006.20	-1.69%	
Nasdaq	1,624.56	-2.19%	

Communists Warn Yeltsin They May Try Impeachment

By Michael R. Gordon
New York Times Service

MOSCOW — Russia's defiant Communists threatened Wednesday to pursue impeachment proceedings against President Boris Yeltsin if he once again nominated Viktor Chernomyrdin to be prime minister.

"If Yeltsin comes up with Chernomyrdin for the third time, the Duma will raise the issue of impeachment," Gennadi Zyuganov, the Communist Party chief, told reporters, referring to the lower house of Parliament.

Mr. Zyuganov's warning seemed, in part, a pressure tactic to induce Mr.

Good life fades in Moscow. Page 6.

Yeltsin to abandon Mr. Chernomyrdin and nominate a compromise candidate. In recent days, the Communists have demanded that Mr. Yeltsin select one of their own, Yuri Maslyukov, a Communist deputy who served briefly in the Yeltsin government.

They have also pushed for a compromise candidate, such as Foreign Minister Yevgeni Primakov or the Moscow mayor, Yuri Luzhkov.

Either choice would mark a retreat for Mr. Yeltsin and demonstrate the Communists' ability to influence policy.

The warning of impeachment was also a deft maneuver to shield Parliament against Mr. Yeltsin's threats.

A Parliament vote to impeach would block Mr. Yeltsin from dissolving the State Duma for two months.

Unless impeachment is voted, Parliament would be dissolved and new legislative elections held if it rejected Mr. Chernomyrdin for a third time, according to the terms of the Russian Constitution. In the scramble of Russian politics, Mr. Yeltsin could avert, at least temporarily, an impeachment attempt by declaring a state of emergency, which would require the assent of the upper house of Parliament, the Federation Council.

The impeachment option was not the only step Parliament took to protect itself — and its perquisites. Deputies voted to pay themselves salaries through the end of the year, even if Parliament is disbanded.

As the Communists rushed to fill the political void, Mr. Yeltsin remained in

For Admiring Public, McGwire Touches All the Bases

By Thomas Boswell
Washington Post Service

ST. LOUIS — As irony would have it, the shortest of all Mark McGwire's 62 homers this season will be remembered the longest. With a 341-foot line drive that barely cleared the left-field wall — and was barely fair — McGwire surpassed the single-season home run total of Roger Maris.

Many expected that McGwire might break his sport's most glamorous slugging record with one of the longest or highest home runs ever hit. Instead, he

hit one of the fastest. His rocket off a Chicago Cub right-hander, Steve Trachsel, on Tuesday night in the fourth inning left the park so quickly that neither McGwire nor the standing-room-only crowd of 49,987 realized it had left the field until — in a breathless split second — everybody realized there was no cap. How could an event as long awaited as Home Run No. 62 have come as a surprise? Yet it did.

McGwire, sprinting full speed in anticipation of a possible double, suddenly fired his right fist in the air, leaped into the arms of the Cardinal first base coach, Dave McKay — and missed first base. In a comic

moment, McGwire had to return to touch first, as he led his team to a comeback 6-3 victory over the Cubs.

"All of a sudden, the ball disappeared on me," said McGwire, laughing as he recalled the homer he thought he had not hit. "That's the first time I've ever missed first base."

"What a sweet, sweet run around the bases. I'll have to see the tape. I don't remember. I was floating. I hope I didn't act foolish. But, heck, this is history."

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Murdoch Snaps Up Manchester United

Record \$1 Billion Deal Outrages Soccer Fans

By Tom Buerkle
International Herald Tribune

LONDON — Rupert Murdoch is to pay \$1 billion for the Manchester United soccer club, a record price for a sports team, it was announced Wednesday, provoking howls of criticism from the team's supporters and posing a dilemma for Prime Minister Tony Blair.

The deal also set a new standard for the value of major sports franchises around the world, underlining the growing attraction to media companies of buying teams to gain access to their broadcasting rights, analysts said.

If completed, the United purchase should help to ensure that British Sky Broadcasting Ltd., the Murdoch affiliate making the bid, retains access to the soccer matches of Britain's Premier League after its current £670 million, four-year exclusive contract expires in 2001, analysts said.

The agreed offer will create "a magic combination between a great broadcaster and a great club," said Mark Booth, the American chief executive of BSkyB. "I understand its the largest amount ever paid for a sports club, but oh, what a club!"

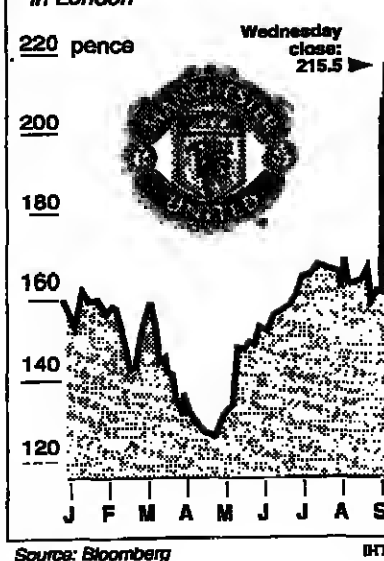
Many of the club's legions of supporters were appalled, however, saying the deal was driven by the Murdoch empire's commercial television interests rather than a passion for the sport or a commitment to the team's continued success. The criticism reflected a growing disenchantment among soccer's traditional supporters in Britain at the growing elitism of the game and the escalation in ticket prices this decade, a trend that has been fueled to a large extent by television money.

Martin Smallbone, 36, a welder who gathered with other supporters outside the club's Old Trafford stadium in

See MANU, Page 19

United for Murdoch?

Manchester United share price in London



Source: Bloomberg BNT

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New Method Could Help Parents Choose a Baby's Sex

By Gina Kolata
New York Times Service

NEW YORK — Doctors at a fertility center near Washington report that they can substantially stack the odds that a couple using artificial insemination can have a baby of the sex they choose.

The method, developed by the Genetics & IVF Institute in Fairfax, Virginia, involves sorting sperm by the amount of DNA they contain and then using them for the insemination. It capitalizes on the fact that there is only one difference between sperm that carry the Y chromosome, which produces males, and those with an X chromosome, which produces females: sperm with a Y chromosome have about 2.8 percent less genetic material.

The investigators report that if they select for X-

bearing sperm, they end up with sperm samples in which 85 percent of the cells have an X-chromosome.

If they select for Y-bearing sperm, the result is a sperm sample in which 65 percent of the cells contain a Y-chromosome.

In a paper that was scheduled to be published Wednesday in the journal Human Reproduction, the investigators, led by Dr. Edward Fugger, report results for couples who wanted girls. Of 14 pregnancies that progressed far enough for doctors to determine the fetus' sex, 13 had only female fetuses. Ten out of the 11 babies that were born so far were girls.

Dr. Fugger said that the group had produced about the same number of pregnancies for couples who wanted boys and that the results were consistent with what the sperm sorting would predict. But, he said, the

investigators are not releasing the results of those pregnancies until they are published in a medical journal.

Sex selection techniques have been promoted and marketed for decades. But, said Dr. Alan DeCherney, the chairman of obstetrics and gynecology at the University of California at Los Angeles and the editor of the journal Fertility and Sterility, "Nothing worked until now."

Dr. Fugger noted that before his group began using the sperm sorting technique, hundreds of animals of a variety of species had been born using the method and that there was no evidence that it caused birth defects.

But other fertility experts raised questions about the

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AGENDA

Kosovo Fighting Traps Thousands

PRISTINA, Yugoslavia (AFP) — Serbian forces launched a widespread offensive in the west of Kosovo, attacking about 40 villages in the Serbian province and forcing thousands of ethnic Albanians onto the roads, aid workers and Albanian sources said.

The UN High Commissioner for Refugees said that heavy shelling had trapped about 25,000 people, most of them women and children. A line of people 12 kilometers (8 miles) long was stuck south of the town of Pec, the UN said.

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Struggle for Food in Indonesia

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Zimbabwe 700 Zim. \$ 1.20



The Struggle for Food / Riots Threaten Stability

For Indonesians, Main Crisis Is Price of Rice

By Mark Landler
New York Times Service

JAKARTA — It has become a ritual whenever a delivery truck arrives at the Cipinang rice market here. Young men clamor over the truck to unload the sacks of rice, while women and children huddle next to the loading dock with crude brooms and dustpans.

As the sacks are hauled into a dimly lit warehouse, the women and children swiftly sweep up any grains that spill out. They methodically sift out gravel, sand and cigarette butts, pour the brown rice into plastic bags, then scurry out of sight to wait for the next delivery.

"If I didn't do this, I wouldn't have any rice," said Satinah, 60, from west Java. Her skin has turned a dark bronze from squatting seven hours a day under a searing sun with her dustpan and broom.

Like a growing number of Indonesians, Mrs. Satinah can no longer afford to buy rice at her local market. The price of rice, the country's basic food, has skyrocketed as poor harvests, a devalued currency and a badly failing distribution system have combined to create a dire shortage.

As Indonesia struggles to regain its political and economic footing, experts are warning that rice — not ethnic tension, anger toward the government or the restive military — is the biggest threat to stability.

Food riots have already erupted in eastern Java, and soldiers are guarding Cipinang and other markets to prevent looting. Unless the price of rice comes down, rioting could spread to major cities.

"The rice issue is now the No. 1 problem here," said Rizal Ramli, a prominent economist. "This is socially very explosive. It could have a more damaging impact than when the government pulled gasoline subsidies."

After the government eliminated subsidies on gasoline and kerosene early last May, it set off protests across the country that mutated into vast rioting and eventually forced the resignation of President Suharto on May 21.

BEYOND the political threat, several experts worry that a sizable percentage of Indonesia's 200 million people could face malnutrition.

H.S. Dillon, executive director of the Center for Agricultural Policy Studies, a private research center in Jakarta, explained the dismal arithmetic.

Rice currently sells at the market for 17 cents a pound, more than double the government's target price. For a family of five to buy 22 pounds of rice per capita each month, it would cost \$18.70. About 40 percent of Indonesia's families earn less than that, meaning that nearly half the population cannot



An Indonesian woman sweeping up grains of rice from a truck at a Jakarta depot. Many people cannot afford to buy the basic staple.

afford even a minimum supply of rice. "People don't understand. These are really hard times," Mr. Dillon said. "Unless this changes soon, we are going to be in deep trouble."

Mr. Dillon and other food experts are not predicting that Indonesia faces a famine. The government has been heavily importing rice from Thailand and Vietnam and says it has stockpiled 2.2 million tons. Indonesians consume about 30 million tons of rice a year. And the government acknowledges there is a shortfall of 4.5 million tons.

The trouble is the government cannot flood the market with enough imported rice to offset the upward price spiral of domestic rice sold by private traders. Last week, the minister of cooperatives

accused traders of hoarding stocks to drive the price up even further.

"If we have abundant supply while the market is short of stock, what do you think has happened?" asked the minister, Adi Sasono.

But experts said the reasons were more complicated than mere profiteering. They said the crisis stems from an extraordinarily unlikely convergence of bad weather, poor agricultural policy, economic devastation and a deterioration in Indonesia's distribution network caused by the riots last May.

First came El Niño, which changed the country's weather patterns and resulted in an 18-month drought. Huge forest fires blanketed the islands of Sumatra, Kalimantan and Irian Jaya with smoke, which further depressed crop yields. The Agriculture Ministry estimated that rice production declined 3.6 percent in 1997 and would drop another 6.5 percent this year.

Next came the Asian economic crisis, which drove down the value of the Indonesian currency, the rupiah, by 80 percent. That prompted many farmers to switch from low-margin domestic crops like rice to higher-margin export crops like palm oil and cocoa. And it led some farmers who still harvested rice to smuggle some of it out of the country for higher prices.

INDONESIA could have muddled through were it not for the riots in May. The ethnic Chinese, who dominate the food distribution business, were the main targets of the three-day spree of looting and arson. In Jakarta, hundreds of Chinese-owned shops were ransacked and burned.

Thousands of ethnic Chinese fled the country, and some have not returned. To replace the missing traders, the government has begun giving licenses to hundreds of indigenous Indonesians, known as *pribumi*. But instead of making the system more competitive, some experts say, the new traders are bogging it down and increasing hoarding and smuggling.

At the Cipinang market, ethnic Chinese traders complain bitterly that the new traders are driving up the price of rice.

"This is the worst I can ever remember," said H. Zulkifli, a 20-year veteran of the rice trade, as he gestured toward a knot of new traders haggling over sacks of rice.

The government is trying to stem the crisis by distributing subsidized rice, at 5 cents a pound, to poor people. But the government concedes that it is failing because the number of people classified as poor keeps rising.

According to a new report by the International Labor Organization, 95.8 million people, or 48 percent of Indonesia's population, will be under the poverty line by the end of this year. If the economy does not rebound, that could rise to 140 million people, or 66 percent of the population, next year.

Déjà Vu for Jakarta: Tension Is Mounting

Stagnant Economy Persists Under Habibie

By Cindy Shiner
Washington Post Service

JAKARTA — After barely 100 days in office, and after implementing long-awaited political changes, President B.J. Habibie is facing the same kind of pressure that helped force his predecessor and mentor from power in May.

Indonesians are measuring Mr. Habibie's success in terms of what they can afford, as an economic crisis bites deeper, rather than by how freely they will be able to vote in elections next year. Little has improved on the economic front to assuage the growing frustration of millions of people who have lost their jobs and slipped below the poverty line since an economic crisis broke out last year.

Inflation — at an annual rate of 70 percent and climbing — is at its worst level in more than 30 years, and the price of rice has nearly doubled since President Suharto stepped down in May after protests and unrest.

On Wednesday, Mr. Habibie saw firsthand what he might be up against in the near future if he does not meet student-led protesters' demands to lower prices on basic commodities.

Up to 2,000 demonstrators massed in the city of Surabaya to confront Mr. Habibie, who had gone there to mark a sports ceremony.

The demonstrators scuffled briefly with security forces who scrambled to protect the presidential motorcade, which was not disturbed.

In a speech at the stadium, Mr. Habibie called on Indonesians "to maintain patience and clear thinking" in the face of the country's hardships.

Demonstrations have been mounting in the past week against Mr. Habibie, whom protesters accuse of the same corruption and nepotism that characterized the Suharto era, although the government has begun probing the financial excesses of the former first family and their cronies.

The protests have largely resumed because universities are back in session after their summer break.

"The students are the people's only hope," said Andri Sitompul, 45, who lost his job as a taxi driver last year.

Thousands of students occupied Parliament in Jakarta in May and helped press Mr. Suharto to resign during a period of political upheaval that led to rioting that claimed at least 1,200 lives in the capital.

Some Indonesians are choosing to take matters into their own hands through rioting and looting that has spread across the archipelago over the last few weeks.

Reports on Wednesday said mobs ransacked food warehouses in a city on the island of Sumatra while others attacked trucks transporting rice supplies on the island of Sumatra.

Scores of shops owned by ethnic Chinese, who control much of the country's private food distribution, have been attacked and burned in three other parts of the country.

Security forces fear appearing heavy-handed with the mobs at a time when the military is under investigation for human rights abuses committed during the Suharto era.

Violent suppression would likely only trigger more wrath.

The euphoria that followed Mr. Suharto's departure has given way to despair. More than 20 million people are expected to be out of work by the new

year and the government is finding it increasingly difficult to maintain costly subsidies on basic commodities.

"It's worse, much worse," said May, a foreign banker said. "The economy has not even remotely begun to bottom out yet."

Ginandjar Kartasasmita, the senior economic minister, said in an interview that he believed the worst of the crisis was passing, noting that the exchange rate of the rupiah to the dollar has fluctuated little over the past two months.

Those gains were upset this week, however, on recent reports of unrest.

But analysts say part of the reason the rate has been stable is because the economy is barely moving.

Companies that need to import raw materials to manufacture goods for export still cannot get letters of credit, despite a debt agreement worked out in Frankfurt in June.

Foreign bankers say the government has only implemented part of the agreement and failed to meet deadlines, while Indonesian officials argue that more time is needed.

On Wednesday, the government set out guidelines in a last-ditch effort to convince companies to start negotiating with their banks to restructure debt.

The government is only in power for three months and we have done so much," said Mr. Kartasasmita, pointing to Indonesia's efforts to eliminate monopolies, rehabilitate the banking sector, free up the press and implement political reforms.

Meanwhile, officials from the International Monetary Fund are in Jakarta to review recent steps on rehabilitating the economy to decide whether to release the latest disbursement of a \$43 billion IMF-led bailout.

The Suharto government delayed implementing reforms, prompting the IMF to review Indonesia's progress on a monthly basis.

As part of the agreement, the government is supposed to lift subsidies on basic commodities but the IMF has been flexible on that issue, bearing in mind the potential for social unrest.

Few Indonesians can afford unsubsidized prices for the foods they consume daily. About two-thirds of the population is expected to be living below the poverty line by the end of next year, according to the International Labor Organization.

The government has revoked a subsidy for cooking oil, which will allow the market to determine the price.

Mr. Kartasasmita said the government hoped to further relax its control on rice imports to allow private companies to enter the free market.

"I think that will ultimately fail because at the end of the day there's just not that many credit worthy companies in Indonesia that can import rice or any of these commodities," the foreign banker said.

Analysts are skeptical of the government's motivation in removing expensive subsidies on commodities as important as rice as food riots spread.

Some believe officials who have been making money off the rice monopoly want to provoke a food crisis so the government will step back in.

"None of these people want to break down that skimming mechanism but they have to have a clear mandate to establish it," the foreign banker said.

Malaysia in essence closed off its economy earlier this month, barring transaction or conversion of its currency, the ringgit, to foreign accounts.

Swissair Jet's Key Systems Broke Down, Data Reveal

By Matthew L. Wald
New York Times Service

HALIFAX, Nova Scotia — As the pilots of Swissair Flight 111 were struggling to prepare their jumbo jet for an emergency landing last week, a series of vital operating systems on the plane were gradually breaking down, the chief investigator announced after a preliminary examination of the plane's flight data recorder.

In addition, investigators released a full transcript Tuesday of conversations between air traffic controllers and the pilots, who were simultaneously striving to locate the source of smoke streaming into their cockpit and to prepare for an unexpected approach to an unfamiliar airport in a plane brimming with fuel.

Though the conversations are largely calm and technical, at least a touch of frantic confusion occasionally slipped in. At one point, the pilots broadcast a conversation between the two of them, in German, to a puzzled air controller on the ground, and, at another point, both

decided to talk to the controller at once.

Investigators said that they also had recovered parts from the cockpit that showed signs of heat damage. The pilots had reported smoke in the cockpit at the beginning of the incident, but it is not clear yet whether there was a fire there.

Investigators are still hoping to recover the other "black box," the cockpit voice recorder, but rough weather kept divers out of the water Tuesday.

But with enough analysis, said the chief investigator, Vic Gerden of the Canadian Transportation Safety Board, the details from the box that Canadian Navy divers brought up Sunday may reveal where the plane's problem began, even though the recorder quit six minutes before the plane crashed five miles (eight kilometers) off the coast near here.

Mr. Gerden said that investigators in his data-processing laboratory in Ottawa were working backward from the end of the data and had not yet determined where on the 25-hour record (a period that could cover three previous flights) the problems began.

He said they did not want to say more about the information from the flight data recorder until they had had time to assess its meaning and integrate the information with radar tapes and other evidence.

But another indication of the plane's growing distress came from the tape of conversations between the controllers and the pilots.

Investigators said they could hear in the background at one point the warbling alert indicating that the autopilot was disconnecting. If an autopilot cannot follow its instructions, be they for altitude, speed, heading or pitch, it turns itself off. Investigators say they do not yet know which failure made the autopilot quit.

The transcript of communications between the Geneva-bound jet and air traffic controllers shows some confusion on both sides of the conversation, although it was not immediately evident if the errors made any difference to the outcome of the flight. All 229 people on the plane were killed.

A question for investigators is whether the pilots could have begun dumping fuel

earlier, to get the jet's weight down to the recommended maximum for landing, or should have bothered dumping at all. If it delayed a landing, planes may dump fuel if they are more than 2,000 feet (610 meters) above ground level, Mr. Gerden said, and the Swissair jet need not have circled the water to do this.

First Lawsuit Filed Over Crash

The first lawsuit over the Swissair crash was filed Wednesday by the former champion boxer Jake LaMotta, whose son Joseph was on board, Reuters reported from New York.

The suit, filed in federal court in Brooklyn, seeks more than \$125 million from Swissair and Delta Air Lines, McDonnell Douglas Corp., which built the MD-11 plane, and Boeing Co., which now owns McDonnell Douglas. It alleges that the crash was caused by "electrical, mechanical and/or structural failure."

TRAVEL UPDATE

Lebanon Alert Given

BEIRUT (AFP) — The U.S. Embassy here has advised Americans in Lebanon on Wednesday to adopt "extreme security precautions" amid fears of attacks similar to those last month on U.S. diplomatic missions in Kenya and Tanzania.

"No nationals or American companies based in Lebanon have received any threats," the embassy said.

It added, in an Arabic-language statement: "Despite the lack of precise information on this subject, American nationals could be in danger and it is for this reason that the American Embassy is asking its nationals to adopt extreme security precautions."

Japan Airlines Co. Ltd. and All Nippon Airways Co. Ltd. announced on Wednesday that they would extend a smoking ban to international flights next year. All Nippon will introduce the ban on March 28 and Japan Airlines in April. All Nippon, the largest airline in Asia, said the decision to extend the ban to international flights reflected customer sentiment. (AFP)

A volcano on the Italian island of Stromboli awoke with a violent start late Tuesday, throwing tourists climbing its slopes into panic as fiery rocks spurted into the air. No deaths or injuries were reported. (AP)

Russian aircraft were involved in more crashes and other accidents in the first eight months of this year than in the same period last year, and flight safety has deteriorated with the latest economic crisis, the senior aviation official said on Wednesday. (Reuters)

A tropical depression in the Gulf of Mexico is expected to strengthen into a tropical storm Wednesday. Rain from the storm was already scattered along the Texas and Louisiana coast. (AP)

Correction

A photo caption accompanying an article about the rental of period dress, published in the IHT on Aug. 26, gave an erroneous source for the costumes. Cosprop in London provided the clothes.

WEATHER

Europe				Asia			
Today	High	Low	Forecast	Today	High	Low	Forecast
Algeria	20/25	15/20	Partly sunny	Algeria	20/25	15/20	Partly sunny
Amsterdam	15/20	10/15	Cloudy	Amsterdam	15/20	10/15	Cloudy
Antwerp	15/20	10/15	Cloudy	Antwerp	15/20	10/15	Cloudy
Athens	25/30	20/25	Sunny	Athens	25/30	20/25	Sunny
Berlin	15/20	10/15	Cloudy	Berlin	15/20	10/15	Cloudy
Bombay	25/30	20/25	Sunny	Bombay	25/30	20/25	Sunny
Buenos Aires	20/25	15/20	Partly sunny	Buenos Aires	20/25	15/20	Partly sunny
Calcutta	25/30	20/25	Sunny	Calcutta	25/30	20/25	Sunny
Cardiff	15/20	10/15	Cloudy	Cardiff	15/20	10/15	Cloudy
Cape Town	20/25	15/20	Partly sunny	Cape Town	20/25	15/20	Partly sunny
Cebu	25/30	20/25	Sunny	Cebu	25/30	20/25	Sunny
Dhaka	25/30	20/25	Sunny	Dhaka	25/30	20/25	Sunny
Dublin	15/20	10/15	Cloudy	Dublin	15/20	10/15	Cloudy
Hankow	25/30	20/25	Sunny	Hankow	25/30	20/25	Sunny
Hong Kong	25/30	20/25	Sunny	Hong Kong	25/30	20/25	Sunny
Kobe	25/30	20/25	Sunny	Kobe	25/30	20/25	Sunny
London	15/20	10/15	Cloudy	London	15/20	10/15	Cloudy
Lyons	15/20	10/15	Cloudy	Lyons	15/20	10/15	Cloudy
Manila	25/30	20/25	Sunny	Manila	25/30	20/25	Sunny
Medan	25/30	20/25	Sunny	Medan	25/30	20/25	Sunny
Moscow	15/20	10/15	Cloudy	Moscow	15/20	10/15	Cloudy
Mumbai	25/30	20/25	Sunny	Mumbai	25/30	20/25	Sunny
Nairobi	20/25	15/20	Partly sunny	Nairobi	20/25	15/20	Partly sunny
Paris	15/20	10/15	Cloudy	Paris	15/20	10/15	Cloudy
Rangoon	25/30	20/25	Sunny	Rangoon	25/30	20/25	Sunny
Rio de Janeiro	20/25	15/20	Partly sunny	Rio de Janeiro	20/25	15/20	Partly sunny
Singapore	25/30	20/25	Sunny	Singapore	25/30	20/25	Sunny
Sourabaya	25/30	20/25	Sunny	Sourabaya	25/30	20/25	Sunny
Taipei	25/30	20/25	Sunny	Taipei	25/30	20/25	Sunny
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THE AMERICAS

Election Funds Inquiry Targets the President

Reno Orders Preliminary Probe Over Ads

By David Johnston
New York Times Service

WASHINGTON — Advancing a pivotal step toward the possible appointment of an independent prosecutor to investigate campaign finance abuses, Attorney General Janet Reno has ordered a 90-day inquiry into whether President Bill Clinton circumvented federal election laws in 1996.

Ms. Reno's decision Tuesday marked the third time in less than two weeks that the Justice Department has begun a 90-day inquiry, based on the independent counsel law, into allegations of possible election law violations — this one into whether Mr. Clinton illegally benefited from Democratic advertisements during the presidential campaign.

But unlike the other two investigations, this one named the president as the subject of the inquiry, and is potentially the most far-reaching because it goes to the heart of the Democrats' fund-raising strategy.

In a statement to the three-judge panel that supervises independent counsel matters, Ms. Reno said that she had begun a preliminary investigation "involving President of the United States William Jefferson Clinton concerning political advertisements during the 1996 election cycle."

The inquiry centers on whether Mr. Clinton and White House aides coordinated an ad campaign to benefit the president's re-election, in an improper effort to violate federal spending limits that he agreed to follow when he accepted taxpayer financing for his campaign.

Ms. Reno initiated the 90-day review based on the preliminary findings of an Federal Election Commission audit last month. The audit concluded that the Democratic National Committee evaded federal spending limits by funneling \$42 million to state parties for ads that were thinly veiled messages on behalf of the Clinton-Gore re-election campaign. The audit determined that the ads, commonly called issue ads, should have been counted under spending limits imposed on the president's campaign.

The other two outstanding inquiries focus on Vice President Al Gore's statements about his telephone fund-raising calls and on possible perjury by Harold Ickes, a former deputy White House chief of staff, concerning his dealings with the Teamsters union. By the end of the 90-day period for each investigation, Ms. Reno is required by law to decide whether to seek the appointment of an outside counsel.

Mr. Clinton's lawyer, David Kendall, said Tuesday that the Democrats' ads were lawful. "Each Clinton-Gore ad was reviewed by counsel at the president's request, to assure the ad's legality, and approved prior to broadcast," he said. "When the Department of Justice's review process finally concludes, it will determine that the Clinton-Gore ads were entirely proper."

Joseph Sandler, general counsel for the Democratic National Committee, said the ads were legal and no different

in tone than ads financed by Republicans for their party. "We expect that this fuller examination will demonstrate conclusively that the DNC followed the letter and spirit of the law," he said.

Ms. Reno has reviewed the legality of the issue ads on at least three separate occasions over the last two years but each time went no further than a 30-day initial review of the allegations, which were first raised in late 1996 by Common Cause, the public interest group.

In each instance, Ms. Reno found no wrongdoing, saying she lacked specific and credible evidence that a crime had been committed by any of the high-level officials, like the president, who are covered by the law.

Law enforcement officials said the audit report had provided new facts about the conduct of Mr. Clinton or any other official but had been highly significant in persuading Ms. Reno to launch the inquiry. The audit marked the first time that the election agency's investigators had ever questioned the legality of the content of the ads in a manner that allowed the Justice Department to assert its criminal jurisdiction. But some government officials, including those who favor an independent prosecutor, said it could be difficult to define a specific prosecutable offense in this area.

CLINTON: Starr's Documents on Scandal Are Sent to Congress

Continued from Page 1

Starr's report is — and perhaps how serious the threat to the presidency, the most dire since Watergate — as television stations broadcast live images of two long vans from Mr. Starr's office pulling up in front of the Capitol.

Amid tight security, the vans stopped and a swarm of white-shirted policemen unloaded some 36 cardboard boxes containing Mr. Starr's report, and supporting documents, on possible impeachable offenses by Mr. Clinton.

The material, believed to include a 280-page report and masses of supplementary evidence, will be kept under close guard until the House leadership decides how to handle it.

In his speech in Orlando, Mr. Clinton, looking downcast, said that he was determined to "redeem the trust" of the public, another step in his efforts to show contrition for his affair with Monica Lewinsky and his attempt to conceal it. "I let you down," the president told Democratic contributors. "I let my family down. I let this country down. I'm trying to make it right. I'm determined to never let anything like that happen again."

The White House session was "very emotional," lawmakers later said, with Mr. Clinton acknowledging the troubles he had caused and asking forgiveness.

"He wants to carry on with the business of the country but he clearly understands, I think, the deep pain he has caused his family, his colleagues, the



Bill Clinton heading Wednesday to Florida for a series of fund-raisers.

people he works with, members of Congress and the country," said Representative David Bonior of Michigan, the second-ranking Democrat in the House.

At a news conference after the Capitol Hill meeting, called to lay groundwork for possible impeachment hearings, leaders of both parties sat shoulder-to-shoulder as they vowed to pursue the process soberly, judiciously and responsibly, and to avoid the fires of partisan confrontation.

The House speaker, Newt Gingrich said that "there are very few things in our entire life comparable in importance" to the coming review by Congress of the Kenneth Starr report, and the decision whether or not to impeach the president.

His comments were seconded by the House Democratic leader, Richard Gephardt of Missouri, who said: "Next to declaring war, this may be the most important thing we do, so we have to do it right. We have to do it objectively, fairly and in a nonpartisan way."

Mr. Gephardt had expressed concern earlier that Democrats would be left out of the planning process for possible impeachment hearings.

Mr. Bonior said that the Democratic leaders had forgiven Mr. Clinton for his actions. But he advised the president to make his regrets clear to the public, "on a continual basis" over coming weeks and months. He said: "The American people do not want to see this president fail. They want to see him succeed."

The day's fast-paced developments appeared to offer some solace to the besieged White House, though it was unclear whether the lofty intentions expressed Wednesday will survive the leaking, or publication, of possibly explosive details from the Starr report.

But the leaders who took part in the morning meetings took pains to project a statesmanlike and nonpartisan front. "I think we have a good start today," said Mr. Gephardt, who took part in both meetings.

Even one of Mr. Clinton's harshest critics, Representative Dick Armey of Texas, House Republican leader, said, "I will have an attitude that there will not be partisan trades." He said this would apply "on either side of the aisle."

Similarly, Mr. Gingrich, who has generally been restrained in his comments on the Lewinsky matter, bristled when a reporter asked whether he sincerely believed a House investigation could be conducted without regard to the legislative elections in November.

"Yes, yes, yes, yes!" Gingrich replied. "We should not move a day sooner because of the election, we should not move a day later."

Mr. Bonior acknowledged that the Lewinsky matter, and Mr. Clinton's much-criticized explanation of it on Aug. 17, could hurt Democrats in the midterm elections. "Obviously this behavior has not been helpful in terms of our prospects in the fall."

But Democrats who took part in the leadership meeting Wednesday praised their Republican counterparts for agreeing to provide the Democrats on the House Judiciary Committee, where the Starr report will first be reviewed, with the same number of staff positions as Republicans have.

Representative Henry Hyde of Illinois, the Republican who chairs the committee, said that any impeachment cannot succeed "unless it is done in a bipartisan or nonpartisan way."

The assumption that impeachment proceedings were likely was challenged by Representative John Conyers of Michigan, the ranking Democrat on the Judiciary Committee. "We are not planning for impeachment," he said.

The committee is expected to review the Starr report, and if it finds reason to believe that the president is guilty of impeachable offenses, it will send it to the full House. If a simple majority there approves articles of impeachment, a trial would be held in the Senate, with a two-thirds majority necessary for conviction.

Mr. Bonior said there was no talk of impeachment or resignation during the 90-minute meeting in the White House residence. "I think the president will certainly be able to continue in office," he said.

The rhetorical restraint that characterized the meetings Wednesday was not

POLITICAL NOTES

Republicans Lose On Missile Defenses

WASHINGTON — A renewed Republican push to speed work on a national missile defense system faltered in the U.S. Senate on Wednesday. The vote was 59 to 41, one short of the 60 needed to overcome Democratic opposition and move ahead with debate on the legislation.

Even though the Senate majority leader, Trent Lott, had made the bill a top part of his 1998 agenda, the vote was identical to one in May.

It was an election-year effort by Republicans to vent their frustrations with the Clinton administration's national-security policies.

The vote was critical for the administration. The legislation would order implementation of a national missile defense system as soon as it is technologically feasible.

The existing program provides three years of lead time once a potential threat has been identified.

The Pentagon has been outspoken in its opposition to the speedier approach.

General Henry Shelton, chairman of the Joint Chiefs of Staff, renewed his opposition in a meeting with Senator Lott on Tuesday, and the general sent letters to senators urging a "no" vote.

and research. House Republican leaders have advocated much larger tax cuts of \$100 billion to \$700 billion to take advantage of large projected surpluses.

But with time running out this year and President Bill Clinton adamantly opposed to a large tax-cut package, House and Senate Republican leaders will meet this week to try to carve out a far more modest package that satisfies moderates and conservatives in their party.

This will be a "crucial week" in determining the size and shape of tax legislation, according to a senior House Republican aide.

Earlier efforts by the House Budget Committee chairman, John Kasich, Republican of Ohio, and others to finance a large tax package by cutting domestic programs were abandoned in the face of resistance from Republicans and Democrats alike.

Some House Ways and Means Committee Republicans are promoting a tax cut package of \$70 billion to \$80 billion over five years that would be financed mostly by the projected budget surplus.

President Clinton has opposed using any of the long-term surplus for tax cuts until Congress and the administration solve the Social Security system's long-term funding problems.

Quote/Unquote

Dick Gephardt, the House minority leader, after meeting with Republican leaders on how the House will handle the coming report of Kenneth Starr, the independent counsel, on the Monica Lewinsky investigation: "Next to declaring war, this may be the most important thing we do so we have to do it right. We have to do it objectively, fairly and in a nonpartisan way."

Lott Seems Certain On Some Tax Relief

WASHINGTON — Trent Lott, the Senate majority leader from Mississippi, says that, "at a very, very minimum," Congress will approve a tax package this fall that provides relief to married couples and that reauthorizes a number of tax credits for business

Away From Politics

● Falling television sets killed at least 28 children in the U.S. from 1990 to 1997, researchers report in the September issue of the journal Pediatrics. The average age of the victims was 2½. Sets placed on TV stands or dressers were the most dangerous.

● A Delta-2 rocket carrying five satellites was launched from Vandenberg Air Force Base in California to complete the \$5 billion Iridium global network of wireless telephone, data, fax and paging services, led by Motorola, which is scheduled to be operational by Sept. 23.

● A federal appeals court in Denver upheld the conviction and death sentence of Timothy McVeigh for the 1995 bomb attack on a federal building in Oklahoma City, in which 168 people were killed.

● Greyhound Lines was to announce that it would make all of the 4,000 stops on its nationwide bus system accessible to wheelchair users by October 1999. But groups representing those users said Greyhound had not planned to equip enough buses with lifts.

Clinton Seeks Authority To Waive Any Sanctions

By Thomas W. Lippman
Washington Post Service

WASHINGTON — The Clinton administration has opened what promises to be extended negotiations with Congress over when and how to impose economic sanctions on other countries by asking for blanket authority for the president to waive any sanctions, existing or future, in the "national interest."

"We believe that flexibility accompanied by national-interest waiver authority in all legislation is the single most essential element if we want to make sanctions work," Undersecretary of State Stuart Eizenstat told a special Senate panel Tuesday. "We would support supplying this waiver authority to all existing and future legislation."

In exchange for that authority and a commitment by Congress to set strict criteria for existing sanctions legislation, Mr. Eizenstat said, President Bill Clinton would be willing to sign an executive order designed to meet many of the concerns Congress has expressed about the damage done by unilateral economic sanctions to U.S. business interests.

Mr. Eizenstat spoke at the first public meeting of an 18-member bipartisan Senate task force on economic sanctions. The task force was appointed in June by Senate majority leader, Trent Lott, Republican of Mississippi.

At the time, key senators agreed with the administration that the mandatory economic sanctions imposed on India and Pakistan after those nations tested nuclear weapons in May had limited the Clinton administration's options to negotiating their future weapons development activities and threatened serious damage to U.S. farm exports.

The administration had already created an internal working group, of which Mr. Eizenstat is chairman, to examine the proliferating use of economic sanctions as a foreign policy tool. Both groups were set up in response to a growing belief in the administration and Congress that the rapid expansion of sanctions imposed or planned on scores of countries, including Russia, China, Iran, Cuba and Burma as well as India and Pakistan, has called into question their utility and effectiveness.

Mr. Lott set up the Senate panel partly because no existing committee has jurisdiction over the issue.

Some sanctions are targeted at human rights and child labor violations, some at the proliferation of weapons, some at terrorism, some at abuse of the environment. Some are mandatory, some discretionary. Some affect multiple foreign countries, others are targeted at a single offender. The result is a crazy quilt of sanctions with overlapping purposes that Congress and the administration, prodded by the U.S. business community, are trying to bring under control.

The task force chairman, Senator Mitch McConnell, Republican of Kentucky, said the job facing the panel was to balance U.S. economic interests with the desire to promote "improvements in basic civil liberties, human rights and non-proliferation, or defeating terrorism, narcotics trafficking and crime."

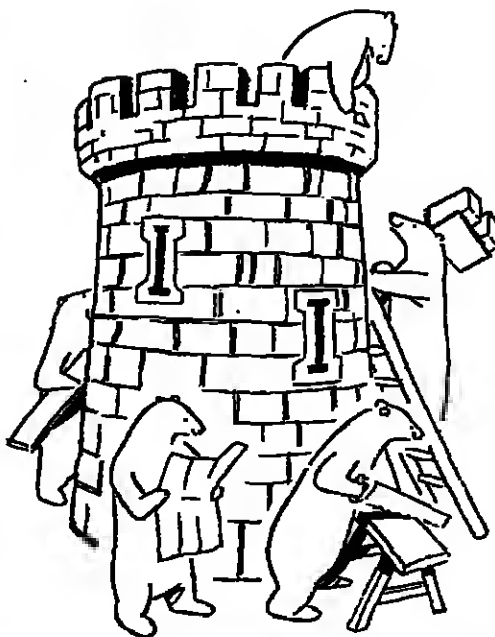
But he questioned whether Congress would be able to fashion a "one size fits all" set of criteria for determining when sanctions would be useful.

Mr. Eizenstat represented the administration in difficult negotiations with the European Union over two sets of sanctions that attempted to impose U.S. law on some foreign companies doing business with Iran or Cuba. In both cases, he said, the authority granted Mr. Clinton under the laws that created the sanctions was the key to reaching agreement.

By contrast, he said, "the lack of flexible waiver authority" under a law known as the Glenn amendment, imposing mandatory U.S. sanctions on any country other than the five declared nuclear powers that tests a nuclear weapon, "has limited our ability to be creative in encouraging India and Pakistan to be creative in avoiding an arms race on the subcontinent."

Mr. Eizenstat asked that Congress restrain its impulse to impose sanctions by requiring a report by the Congressional Budget Office assessing the impact on the U.S. economy before any new legislation is considered and by holding off on the details of any new sanctions surviving the evaluation.

In exchange, he said, the president would issue an executive order, negotiated with Congress, to address concerns raised by lawmakers, such as a "sunset clause" ending the sanctions after a fixed time, the protection of most existing contracts and the exemption of food and medicine to minimize humanitarian impact.



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ASIA/PACIFIC

Mahathir Caught in Web Of Internet Awareness

Press Curbed, Malaysians Go On-Line for News

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Malaysia's headlong rush into information technology is receiving strong support these days, although perhaps not among the crowd that Prime Minister Mahathir bin Mohamad had intended when he launched a national Internet awareness program last year.

Frustrated by a near total news blackout in local newspapers, Malaysians are turning in increasing numbers to the Internet for news about Anwar Ibrahim, the country's former deputy prime minister who was dismissed last week by Mr. Mahathir for what he calls Mr. Anwar's poor character.

Since Mr. Anwar's ouster, thousands of Malaysians have logged on to Web pages and chat groups dedicated to the topic, such as *Anwar.com.my*, a site set up by his supporters, and a mirror site located outside of the country: *www.anwar.cjb.net*.

"Now that we have Internet we can read about five newspapers a day — foreign and local," said an engineer in his 30s who was among several thousand people Wednesday at what has become a nightly gathering at the deposed deputy prime minister's home. "We get both sides of the story."

One of the sites had recorded more than 100,000 visitors by Wednesday night.

Internet usage in Malaysia is still relatively limited. There are about 500,000 Internet accounts in the country out of a total population of 22 million.

But the increasing reliance on the Internet for news and information highlights a problem faced by Malaysia and other authoritarian governments around the region. The country's leaders want to promote Internet literacy in order to move into the information technology business, but they also want to retain tight controls on local newspapers and television stations.

Some countries, like Singapore and China, monitor Internet content and filter out sites that contain any material they deem harmful. Mr. Mahathir, who is said to be an avid Internet user, has in the past rejected such measures, saying they are both impractical and not totally effective.

But the ongoing dispute between Mr. Mahathir and Mr. Anwar may push the government to seek tighter controls over the Internet.

Mr. Anwar's speeches are drawing increasing numbers of people, many of whom have organized themselves over the Internet.

"I got fed up with the news in the papers," said a bank employee at Wednesday night's speech. "And then I received an e-mail from somebody who came here a few nights ago and described what he saw. I'm going to tell everyone to come here tomorrow."

There is already talk among Internet users here that *Anwar.com.my* has been blocked by the government. "Last week I could get access to the site but since last Saturday I haven't been able to get it," said an employee of one of the country's Internet service providers. "Maybe they've banned it."



Anwar Ibrahim appearing with his wife at a press conference Wednesday.

Officials at the government-owned company that carries the site on its server — and who thus have the power to pull the plug on the site — could not be reached for comment.

Last month, the government arrested three people accused of Internet "rumor-mongering." They were accused of causing panic about riots in Kuala Lumpur that never happened.

The three suspects, who were detained under the country's Internal Security Act, were found after investigators requested that the government-

owned Internet provider, Mimos Bhd. — the same company that hosts *Anwar.com.my* — provide help tracing the e-mail messages back to their source.

People attending Wednesday night's speech said they were frustrated by the minimal coverage the Malaysian papers were giving to Mr. Anwar. "A bit unfair to say the least," said Syed, a 31-year-old engineer from Kuala Lumpur.

Mr. Anwar has issued calls for reform and more press freedom to the thousands of nightly visitors to the streets surrounding his residence.

UN Rights Chief, in China, Assails Woman's Arrest

By Erik Eckholm
New York Times Service

BEIJING — Security agents dragged the wife of an imprisoned dissident through the lobby of the Hilton Hotel here Wednesday and detained her, moments before the visiting United Nations human rights commissioner gave a speech in a nearby room on democracy and freedom.

Chen Hailan was standing quietly outside the hotel entrance, witnesses said, waiting a chance to ask the commissioner to press the case of her husband, Liu Nianchun. A labor rights campaigner, Mr. Liu has been imprisoned for more than three years without trial and his wife has sought medical parole, citing high blood pressure and other ailments.

But plainclothes police and hotel security guards grabbed Chen Hailan and bundled her, screaming, through the lobby. She was held in a hotel security room, then taken to a local police station and eventually freed, eight hours after she was first detained.

The UN rights commissioner, Mary Robinson, later told reporters that she was deeply concerned when she learned about the incident and raised it with Deputy Foreign Minister Wang Guangya, who assured her that the woman had been released.

Later, Xinhua, the state-run news agency, quoted a Foreign Ministry spokesman as saying: "Security guards removed a woman from the entrance of the Hilton Hotel because she was disturbing order at the hotel."

In her 10-day visit to China, Mrs. Robinson aims to build a constructive working relationship with Chinese officials and nudge the country toward better safeguards for individual rights.

China has pledged to sign the International Covenant on Civil and Political Rights this fall. That document guarantees freedoms of assembly and speech, which are often violated in China in the name of social order and national security.

Earlier this year, the United States secured China's agreement to sign the covenant in exchange for ending the annual pursuit of a resolution before the UN Human Rights Commission condemning China's record.

Diplomats argued that by joining the treaty, China would subject itself to regular assessments by outside experts, a more effective wedge for change than hostile debates in Geneva.

But once China signs, it could be years before it ratifies the treaty, and Chinese officials have said they will file reservations for any sections that are inconsistent with Chinese law.

In her visit, which began last week-end, Mrs. Robinson has publicly pressed China to sign the covenant soon.

She has met with Chinese legal experts and justice officials, members of the Government-sponsored women's federation and officials in charge of policy on ethnic minorities. But government officials have made it clear that she is not expected to meet with any of the country's dissidents.

Mrs. Robinson left Wednesday for Tibet, where China is accused of using harsh methods to suppress support for the exiled Dalai Lama. On Monday, back in Beijing, she is expected to meet with the president and Communist Party chief, Jiang Zemin.

Closing the Box

EU Warns Italy

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Trouble in Cambodia

Police Fire on Buddhist Monks Protesting Hun Sen;
Opposition Steps Up Call for Leader's Resignation

The Associated Press

PHNOM PENH — Riot police on Wednesday opened fire on Buddhist monks and used clubs, guns and water cannon to scatter rock-throwing demonstrators demanding the removal of the Cambodian strongman, Hun Sen.

Opposition leaders vowed to intensify mass protests now in their third day and showed no readiness to compromise with Mr. Hun Sen over his disputed victory in parliamentary elections July 26 that they say he won by massive fraud.

About 1,000 protesters were dispersed in morning clashes near the U.S. Embassy and the nearby residence of the opposition leader Prince Norodom Ranariddh, a new focal point of discontent since riot police smashed a protest camp Tuesday at the National Assembly.

Human rights workers reported a Buddhist monk was killed by gunfire in the Wednesday morning clash. At least one other monk was wounded, and others were beaten and pounded by a water cannon. The death could not be confirmed despite an exhaustive search of morgues and hospitals.

But on the streets people believed that several monks had been killed, stoking anger against Mr. Hun Sen. They erected shrines where the monks were shot, burning incense and piling up the monks' broken parasols.

An Interior Ministry statement read over the radio Wednesday night denied that any demonstrators had been killed or injured, aside from one man who died Monday night under what it said were unclear circumstances. It blamed foreign news organizations for fabricating news of the monk's death.

Despite extensive video and photographic evidence to the contrary, it said that the crackdowns Tuesday and Wednesday had been peaceful.

Leaflets circulated in the name of a monks organization urging people to rise up and overthrow Mr. Hun Sen. Many people expressed hope that the United States would help drive him from power.

"People are sorrowful and angry," said Lem Tong, 34, a businessman. "Monks are holy people. Hun Sen will keep killing people if he can. We want to overthrow this dictator."

Burma Rounds Up 108 More Dissidents

RANGOON — The National League for Democracy said Wednesday that 108 more of its party members had been detained by the Burmese authorities in the past 24 hours, bringing the number held in a crackdown that began over the weekend to more than 300.

The military government has confirmed that it has detained league members over the opposition party's vow to call a "People's Parliament" this month, but it has not given numbers.

Diplomats say the detentions mean the party, landslide winners of Burma's last election in 1990 but never allowed to govern, would be able to assemble only a handful of elected representatives if it were to stick to its vow.

The government denied in a statement Wednesday that it had threatened to deport the party's leader, Daw Aung San Suu Kyi, and said the U.S. State Department was wrong to suggest it had. It said articles that appeared in state newspapers Tuesday calling for her deportation were the opinion of the U.S. State Department spokesman, James Rubin.

Half the capital is already at least knee-deep in water, and an influx of so many people seeking shelter in its schools and government offices would further strain Dhaka's resources.

Authorities had not yet ordered an

public in Pyongyang on Wednesday at a military parade and mass rally celebrating the Stalinist nation's 50th birthday and his official assumption of supreme power.

Troops marched through Kim Il Sung Square, named after the leader's father who died four years ago, as aircraft flew overhead dragging banners bearing portraits of both Kims as well as slogans pledging to defend Kim Jong Il with the military's lives, the Korean Central News Agency said.

But Mr. Kim did not make a speech. He looked on as his army chief of staff addressed "the mass civilian and military" rally, official monitors in Seoul said. Kim Yong Chun, chief of the general staff, told the crowd that the Korean People's Army "will, devotedly defend, the headquarters of revolution headed by Kim Jong Il in the spirit of human bombs and suicide bombing."

In her 10-day visit to China, Mrs. Robinson aims to build a constructive working relationship with Chinese officials and nudge the country toward better safeguards for individual rights.

China has pledged to sign the International Covenant on Civil and Political Rights this fall. That document guarantees freedoms of assembly and speech, which are often violated in China in the name of social order and national security.

Earlier this year, the United States secured China's agreement to sign the covenant in exchange for ending the annual pursuit of a resolution before the UN Human Rights Commission condemning China's record.

Diplomats argued that by joining the treaty, China would subject itself to regular assessments by outside experts, a more effective wedge for change than hostile debates in Geneva.

But once China signs, it could be years before it ratifies the treaty, and Chinese officials have said they will file reservations for any sections that are inconsistent with Chinese law.

In her visit, which began last week-end, Mrs. Robinson has publicly pressed China to sign the covenant soon.

She has met with Chinese legal experts and justice officials, members of the Government-sponsored women's federation and officials in charge of policy on ethnic minorities. But government officials have made it clear that she is not expected to meet with any of the country's dissidents.

Mrs. Robinson left Wednesday for Tibet, where China is accused of using harsh methods to suppress support for the exiled Dalai Lama. On Monday, back in Beijing, she is expected to meet with the president and Communist Party chief, Jiang Zemin.

evacuation, but the step seemed inevitable despite the efforts of hundreds of thousands of government workers and residents who stacked sandbags atop the Dhaka-Narayanganj embankment.

Across Bangladesh, more than 800 people have been killed and 35 million people displaced or marooned in flooding since monsoon rains began July 10. Waterborne diseases continued to spread. So far, hospitals have reported 175,000 serious cases of diarrhea, which can lead to fatal dehydration.

(AP)

Poll Shows Support For Obuchi Falling

TOKYO — Public support for Prime Minister Keizo Obuchi has fallen to 16 percent, a nationwide poll published Wednesday showed.

The survey, conducted by the Mainichi Shimbun newspaper from Sept. 4 to 6, showed that Mr. Obuchi's support rating had fallen nine percentage points from the 25 percent recorded in the previous poll in August.

Some respondents said Mr. Obuchi lacked leadership qualities. Others criticized his plans for stabilizing Japan's tottering financial system, the newspaper said. Mr. Obuchi's 16 percent support rating tied him with that of the then prime minister Zenko Suzuki in a survey taken in September 1992. Mr. Suzuki, whose no-nonsense political persona earned him the sobriquet "Zenko who?" stepped down shortly after that poll.

(Reuters)

Dhaka Gets Ready For Flood Exodus

DHAKA, Bangladesh — Disaster officials prepared Wednesday to evacuate 600,000 people on the outskirts of Dhaka, fearing collapse of an embankment protecting Bangladesh's capital from rising floodwaters.

Half the capital is already at least knee-deep in water, and an influx of so many people seeking shelter in its schools and government offices would further strain Dhaka's resources.

Authorities had not yet ordered an

North Korea Leader Appears at Parade

SEOUL — Kim Jong Il, North Korea's reclusive leader, appeared in

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Emrys Davis of the Tripartite Gold Commission showing an account book of restitution to Stuart Eizenstat, center, a U.S. undersecretary of state, and Claude Martin of the French Foreign Ministry on Wednesday in Paris.

Closing the Books on Nazis' Gold

After 52 Years, Most Is Returned to Countries Occupied During War

By Craig R. Whitney
New York Times Service

PARIS — An international commission set up 52 years ago to return gold that Nazi Germany seized from central banks of countries it occupied closed its books and disbanded Wednesday after returning most of the last 6 tons to the original claimants.

The Tripartite Gold Commission delayed distribution of the gold, then valued at \$68 million, in early 1997 amid disagreements about going ahead despite the possibility that money, jewelry and dental fillings of victims of the Holocaust might have become mixed up with it.

After some hesitation, France joined the United States and Britain, the other members of the commission, in pledging money to a relief fund for individual victims who might have claims.

About \$60 million so far has been promised to the relief fund by 14 countries, including most of the last claimants to get their money, and the total will probably rise to about \$70 million, Stuart Eizenstat, a U.S. undersecretary of state, said Wednesday after a ceremony at the French Foreign Ministry to mark the milestone.

"The mystery of how much 'victim gold' was in this may never be known," Mr. Eizenstat said later. "We came up

with an estimate of \$4 million, but it could be much higher."

The French Foreign Ministry, which has opened the Tripartite Gold Commission archives to the public, said France would contribute 20 million francs (\$3.45 million) to the relief fund. The United States has pledged \$25 million and Britain \$1.7 million.

Of the original 370 tons of foreign monetary gold reserves that the World War II allies recovered from Germany in 1945, only \$300,000 worth awarded to Yugoslavia has not been returned to the formerly occupied countries.

That gold would remain on deposit in the Bank of England, officials said, until Yugoslavia's successor states could agree on who should get it.

The actual amount of gold that the Nazis seized from the banks of occupied countries and from victims of the Holocaust was much higher than the amount the Tripartite Gold Commission recovered.

Some is thought to have gone to Switzerland, which has been in an up- and down cycle for most of the past two years over accusations by Jewish groups. They charge that neutral Swiss authorities knowingly fenced gold belonging to Holocaust victims for the Germans, and that Swiss banks held onto assets of their victims instead of trying to restore them to their heirs.

Stung by the charges, two Swiss banks, Union Bank of Switzerland and Credit Suisse, agreed last month to settle claims against them for \$1.2 billion.

Switzerland will also hold a referendum next year on setting up a \$4.7 billion fund for humanitarian purposes in expiation, but approval is uncertain.

"We know that public opinion in Switzerland is very raw at this point," Mr. Eizenstat said Wednesday. "We hope that by the time of the referendum next year, with the leadership of the Swiss government, that public opinion will approve."

France decided only last year to renew efforts to find the owners of hundreds of art works seized by German occupation authorities or their French collaborators during the war, and is trying to produce a complete inventory from files that had lain untouched for most of the past 50 years.

Insurance companies that failed to pay claims to survivors of Holocaust victims and German companies that employed slave laborers during the war are the latest to face class action lawsuits.

Austria said Wednesday that after years of refusing to allow art works to be shipped out of the country to claimants living abroad, it would now agree to return hundreds of objects of art that had been confiscated by the Nazis to their rightful owners wherever they were.

EU Warns Italy Over Milan Airport Shift

By Barry James
International Herald Tribune

BRUSSELS — The European Commission announced plans Wednesday to get tough with Italy over its attempt to force foreign airlines to move to an airport as much as 80 minutes by taxi from Milan, while allowing the Italian carrier, Alitalia, to continue using an airport on the edge of the city.

The commission, the executive arm of the European Union, gave Italy a one-

week reprieve to come up with a plan that would stagger the move until adequate rail and road links have been built to the recently enlarged Malpensa Airport — which could take several years under the best of circumstances.

Malpensa, northwest of the city, is primarily reached via crowded national highways. The expanded airport will become dramatically more difficult to reach if, under Italy's present plans, another 11 million passengers a year start using the airport after its Oct. 25

official inauguration. Four million people a year already use Malpensa.

Airlines from nine EU countries have complained that the move would put them at a competitive disadvantage with Alitalia, which feeds its hub at Rome's Leonardo da Vinci Airport from Linate Airport, on the southeastern edge of Milan. Linate is a short ride from central Milan by taxi or public transport.

Neil Kinnock, the commissioner in charge of transport matters, said the current plan was clearly discriminatory and illegal under EU competition laws.

"We are looking for a solution which would enable a viable number of passengers to go to Malpensa, but in a manner which is not discriminatory," Mr. Kinnock said. "In recent days, the Italian government has signaled its willingness to negotiate, and discussions have already taken place. I am ready to continue negotiations. My purpose is to secure adherence to the law."

Italy will automatically be declared in breach of EU law, he said, unless it gives satisfactory assurances before Wednesday, when the commission next meets.

Mr. Kinnock said it was unfortunate that Italy was forcing passengers to use an airport without first ensuring that they could reach it easily. Italy received substantial EU funding for the \$1.8 billion terminal and runway expansion, including credits to build the road and rail links that were detailed in the original plans.

A highway from Milan is not expected to be completed before next the end of next year, and rail links still are under study.

The Italian government has ruled that only routes with more than 2 million passengers annually can continue to operate from Linate, which is overcrowded and frequently closed due to fog. Only one such route exists: Alitalia's service to Rome. The approximately 450 other flights a week operating from Linate are to switch to Malpensa.

Mr. Kinnock declined to be specific about what could follow from a commission decision to declare the Italian position illegal. But a spokesman said the commission could give foreign airlines a strong legal basis to challenge the decision in court while refusing to shift their operations from Linate. "It could be chaos," the spokesman said.

Mr. Kinnock acknowledged that Italy could appeal to the EU's council of ministers. Such a recourse has never been tried before, and officials said Italy would be certain to lose because the other governments would support their national airlines. But the waiting period would increase the uncertainty for the airlines, which are unable to prepare their winter timetables until they know which airport they will be operating from.

BRIEFLY

Southern Italy Hit By Strong Quake

POTENZA, Italy — A strong earthquake shook southern Italy on Wednesday, killing one person and causing minor damage in several towns of the poor, mountainous Basilicata region, officials said.

The quake measured 4.8 on the Richter scale. Its epicenter was near the regional capital of Potenza.

The quake was felt across most of southern Italy, from the Mediterranean to the Adriatic, from Naples to Calabria at the southern tip of the mainland.

Potenza, some 150 kilometers (95 miles) southeast of Naples, was the site of a major earthquake on Nov. 23, 1980, that killed more than 3,000 people.

Thousands of people fled their homes in panic Wednesday, fearing a repeat of the 1980 quake, which was one of Italy's most devastating natural disasters this century.

But several hours after the quake struck, officials said there were no reports of serious damage.

A year ago, quakes shook Italy's central Umbria and Marche regions, killing 11 people, leaving thousands homeless and bringing down the vaulted ceiling of the Basilica of St. Francis in Assisi. (Reuters)

Paris Rule in Corsica Is Deemed Corrupt

PARIS — French rule on the Mediterranean island of Corsica was denounced as rotten and corrupt in a report by a parliamentary committee of inquiry to Prime Minister Lionel Jospin on Wednesday.

The probe was commissioned after the assassination of the prefect, Claude Erignac, France's top administrator on the island, who was shot Feb. 6.

The report denounces widespread cheating in the use of public funds and grants and the allocation of public housing and income support to unemployed people, which was more than twice the rate of regions of mainland France.

The all-party report of the committee, chaired by a Socialist, Jean Glavany, described the situation on the island as "pre-Mafia" and urged French governments, present and future, to follow the hard line adopted by Bernard Bonnet, the prefect who succeeded Mr. Erignac.

The report urged the government to drop the idea that it could buy peace from Corsican nationalist groups through "tax breaks, writing off debts or amnesties." (AFP)

Greeks Up in Arms Over Hunting Ban

ATHENS — Greece's hunters and its Agriculture Ministry on Wednesday said they were furious with the country's highest administrative court for suspending the hunting season.

The Council of State has ruled in favor of an objection by two environmental organizations and suspended the hunting season until Dec. 9. It was to continue until Feb. 28.

There are about 250,000 registered hunters in Greece. Bird hunting in Greece is also popular with Italians.

The ministry said it would issue a new decree Thursday to get around the court decision and restart the hunting season. The ministry said it would take the court decision into account, but justified its action by saying that people have the right to hunt. (AP)

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INTERNATIONAL

Russian Crisis Erodes Professionals' Dream Jobs and High Lifestyle

By Celestine Bohlen
New York Times Service

MOSCOW — The music is still playing and the beer is still flowing, but three weeks into Russia's latest crisis, the good times at the Chesterfield Café — a popular watering hole for Moscow's high-living young professionals — are running on empty.

"This is the quietest night of the quietest week," said the Chesterfield manager, Martin Bainbridge, who left London's nightclub business two and a half years ago to take part in Moscow's giddy expansion. "For a week and a half, I have had people coming in here, saying this is their last drink in Moscow. But it is worse for the Russians, who are at the bottom, watching their ruble literally disintegrate."

The financial turmoil that has brought Russia to its knees is taking a big toll on the small but visible middle class that arose here on the wave of this city's boom, working for banks, real estate and advertising agencies, start-up companies and Western companies, and spent

money as if there was no tomorrow. It has also cut a swath through the class of foreign bankers, brokers, traders, technicians and adventurers who came here to cash in.

Now that it is crashing, some are packing their bags.

Until these recent weeks, Moscow's professional elite had been insulated from Russia's economic ills. Their salaries — paid on time and in dollars, or at least pegged to the dollar — were high, in some cases higher even than Western standards.

Their appetite for the good things in life — from expensive restaurants to designer clothes — changed the face of Moscow, giving it a flashy, if sometimes vulgar, glow.

Work in Moscow — a city that to the rest of Russia seemed like Disneyland, bursting with new high rises and untold riches — was easy to find, particularly for those Russians eager and able to take advantage of their newfound freedom — unemployment, officially, was less than 1 percent and that didn't count the bustling gray economy, which has sub-

bornly persisted below the radar of government tax collectors.

Now, in less than a month, all that has changed.

"It is as if somebody came in and turned off the lights," said Igor Mikheyev, a Russian television producer, who was informed Tuesday that his studio's programs were being pulled off the air as Russia's major television channels cut back on daytime programming because of a drop in advertising.

The bad news has come on like a steamroller. First came the banking crisis, and the blocking of bank transactions, including salaries and savings withdrawals. Then came the collapse of the ruble, which has sent prices skyrocketing, and emptied the stores and markets of imported goods. Then came salary cutbacks, and now — with increasing frequency — layoffs, or as some employers are describing it, tem-

porary unpaid holidays.

Spending patterns have already changed drastically. Cash registers are silent at Moscow's chic boutiques, the telephones are quiet at foreign auto showrooms and travel agencies are reporting a drop in bookings to Turkey and other vacation spots favored by Russia's new middle class.

Expensive restaurants are seeing fewer diners, who, according to one manager, are talking more and drinking less once they see the exorbitant prices for imported wines and liquor.

News on Moscow's rumor mill is traveling so fast, and the country's condition is so grave, that no one is keeping up with the statistics. By the estimates of one Moscow recruiting agency, about 60,000 professionals in Moscow have been laid off, sent home on temporary unpaid leave or have found salaries cut as much as a third.

"We are getting applications from all the banks, sometimes entire departments," said Oleg Mayev, managing director of Normal DL Consulting, a headhunter that recruits for top financial and business companies. "Our advice is simple: Hold on to the job you have or be ready to take whatever."

The tune has changed since the days when young, well-educated Russians with degrees and foreign languages could take their pick in the job market. "It was really a mad situation," said Michael Obermayer, chairman of the Eastern Europe division of McKinsey & Co., the big management consulting firm, recalling how he had to make a hard sell to convince Russians with business school degrees to accept the firm's standard salary of about \$100,000 a year. "In the heyday here, Russian companies were literally promising them the world. I spent hours telling these applicants to invest in themselves and not go for the quick buck."

Now for many Muscovites, who scrambled in recent years to find a foothold in their new world order, just

hanging on has become agonizing. Ludmila Salnikova, editor of Health, a magazine insert, has seen its pages reduced and staff cut by half.

Her own handsome \$2,000 a month salary was also halved, and then cut again as the ruble's value is just a third of what it was against the dollar three weeks ago.

"People are in a state of shock," said Mrs. Salnikova. "We will print this year's last edition in October, and after that — we don't know. There is complete silence."

Gloom has also settled in among Russia's foreign community, particularly in the financial sector, which has been hard hit by the collapse of the stock market and the banking system's paralysis.

MFK Renaissance, once the hottest of Moscow's investment firms, this week laid off 170 people, or nearly 30 percent of its staff. At United Financial Group, another Moscow-based investment firm has also cut staff, and dropped its salaries by an average of 30 percent, with senior executives taking cuts of 50 percent.

Bonn to Seek Ex-Terrorist's Extradition

Reuters

BONN — Prosecutors said Wednesday that Germany would request the extradition from France of Hans-Joachim Klein, a former accomplice of the terrorist known as the Jackal.

Mr. Klein, 50, is wanted in Germany on charges of murder and kidnapping and is also sought by Austria. He was arrested Tuesday in northern France after being on the run for more than 20 years.

He was detained by an anti-terrorist squad near the village of Sainte-Honorine-La-Guillaumie, in Normandy, where he had been living for years under

an assumed name and working as a journalist.

Job Thimmann, a Frankfurt prosecutor, said the Justice Ministry in the state of Hesse planned to file the extradition request with prosecutors in France.

The Federal Office for Criminal Investigation said that Mr. Klein had been tracked down in a joint operation by French and German police. He allegedly took part in Carlos's most spectacular attack, the 1975 kidnapping of OPEC oil ministers in Vienna, in which three people were killed.

An Austrian Justice Ministry official

said that Austria would also apply for Mr. Klein's extradition.

After the kidnapping of the oil ministers, Mr. Klein was believed to have taken refuge in Libya. In 1978, he announced his defection from the terrorist group, saying that he had become frightened by Carlos's ruthlessness. He sent his pistol and ammunition to the magazine Der Spiegel along with details of planned assassinations.

Later, in a book published in Germany titled "Return to Humanity," Mr. Klein repudiated his actions and denounced Carlos as a megalomaniac and murderer.

The German interior minister, Manfred Kanther, hailed the joint operation as an example of international police cooperation in the fight against terrorism. "There are still suspected terrorists at large," he said. "The tireless search for them will go on. All those who are wanted will eventually be caught."

Investigators said they had established parallels between Mr. Klein's interviews and publications and those of the journalist, who had lived in the Normandy village for five years. They said he confirmed his true identity at the time of the arrest.

The Venezuelan-born Carlos, whose real name is Ilich Ramirez Sanchez, was arrested in Sudan and brought to France in 1994. He was sentenced to life in prison last December for the 1975 killings of two French secret service agents.



A trader at the Moscow stock exchange taking a respite on Wednesday as the ruble showed some strength.

RUSSIA: Communists Threaten to Force Impeachment of Yeltsin

Continued from Page 1

seclusion, at his Gorky-9 residence outside Moscow and without a viable candidate for prime minister.

Mr. Yeltsin provided no public indication that he was prepared to yield. And Yuri Luzhkov, Moscow's popular and energetic mayor, said Wednesday night that he believed Mr. Yeltsin would again renege on Mr. Chernomyrdin. Nobody could be sure, however, just what Mr. Yeltsin would do.

Alexander Lebed, the

Krasnoyarsk regional governor and former general, predicted that Mr. Yeltsin would eventually yield to the demands of the opposition and nominate Mr. Masluykov or Mr. Primakov.

What was clear, however, was that the economy was going to deteriorate as the political wrangling continued.

On Wednesday, the government lifted import tariffs on medicines, a step to cope with shortages of drugs in pharmacies and hospitals. Imports of food, medicine and other goods have dried up

as Russia's currency has fallen in value and its politicians have struggled in vain to agree on a prime minister.

Meanwhile, the scarcity of goods, and some old-fashioned profiteering have sent prices soaring. The State Statistics Committee reported that prices went up by 36 percent during the first week of September. The only piece of good news was that the ruble rose somewhat in value on Wednesday. The central bank set an exchange rate of 15 rubles to the dollar, compared with 20 on Tuesday.

But even that was deceptive. The change, economists said, was largely the result of buying by banks and other customers who needed rubles to pay their debts.

It did not indicate a vote of confidence in the battered economy. The Communist-dominated Parliament has often engaged in loose talk about impeachment. By and large, the efforts have not amounted to much.

But the impeachment procedure has taken on a new urgency as deputies seek to stave off the possible dissolution of the body and new elections.

To pursue impeachment proceedings would require 300 of the 450 votes in the Duma, more than the Communists command.

It is much harder, of course, to actually remove the president. Any decision to oust Mr. Yeltsin would have to be approved by a two-thirds vote of the upper house and by the courts.

The Communists' goal, however, is not so much to remove Mr. Yeltsin by parliamentary means as it is to force a constitutional stand-off, protect their own jobs and undermine Mr. Yeltsin politically.

The Communists are not the only ones working on impeachment. The liberal Yabloko Party, headed by Grigori Yavlinsky, is pressing the issue as well.

Yelena Mizulina, a Yabloko deputy from Yaroslavl, is deputy chairman of the Parliament's Impeachment Commission.

She said the commission is planning to complete the articles of impeachment this week so that the full body can vote on them as early as Monday.

The main charges will center on Mr. Yeltsin's role in the dissolution of the Soviet Union, his decision to open an artillery fire on Parliament in October 1993 and then the long war in Chechnya.

She said that Mr. Yeltsin's decision to propose a compromise candidate would only slow the push for an impeachment vote.

Meanwhile, behind-the-scenes negotiations continued at Gorky-9. Asked whom Mr. Yeltsin would nominate, Mayor Luzhkov said: "You need to know Boris Yeltsin. I think Chernomyrdin."

World Poverty Rising, UN Says

The Associated Press

THE HAGUE — Even in the world's wealthiest countries, the ranks of the poor are growing and many are being denied the basic rewards of affluence — getting a job, learning to read and living longer — a United Nations report said Wednesday.

Poor people living in leading industrialized countries such as the United States and Britain suffer from "multiple deprivation" of basic human needs, the annual report of the United Nations Development Program said.

Researchers examined income, education, life expectancy and health care in assessing the quality of life in 174 countries.

Among their findings: 16.5 percent of Americans live in poverty despite the fact that the United States leads the world in per-capita consumption of goods and services. In Ireland, 15.2 percent of the population lives

in poverty; Britain follows with 15 percent.

Sweden was ranked first among developed nations in spreading the wealth, with less than 7 percent of its citizens living in poverty.

Worldwide, the richest countries are home to more than 100 million people who live in poverty, the report said.

In the industrialized world, it said, at least 37 million people are unemployed, 100 million are homeless and nearly 200 million have a life expectancy of less than 60 years.

The report includes a "human development index," ranking countries according to progress in improving life expectancy, education and income. For the fifth consecutive year, Canada was first, followed by France, Norway, the United States and Iceland. Burundi, Mali, Burkina Faso, Niger and Sierra Leone were at the bottom.

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TribTech

A Software Titan Sets Out to Sea

By Evanthea Schibsted
New York Times Service

MENLO PARK, California — When people on Wall Street think these days about the entrepreneur Jim Clark — founder of Silicon Graphics Inc. in 1982 and co-founder of Netscape Communications Corp. in 1994 — their thoughts most likely involve his third start-up, Healthcom Corp. That is because Healthcom, an on-line service for the health-care industry, is planning a widely anticipated public offering in late September.

But Mr. Clark, chairman of Healthcom and a major investor in it, seems nearly as intent on a separate autumn launching, set for mid-November. That is when the 155-foot (47-meter) sailboat Hyperion, a highly computerized vessel that Mr. Clark began planning in 1995, is to start its maiden voyage from a port in Amsterdam to the Caribbean island of St. Barthélemy.

"I've been working harder on this project than I have any time since the beginning of Netscape," Mr. Clark said. Although work on the Hyperion has involved long hours lately and frequent trips to the Netherlands by chartered jet, Mr. Clark shows no signs of travel fatigue as he speaks excitedly about the yacht, which outside experts estimate is costing him \$30 million to build.

"It's an RV — a luxurious RV," Mr. Clark said. "A self-contained, extremely sophisticated vehicle made for a harsh environment. And it has the most complex nonindustrial automation system that's ever been built."

If this last superlative sounds like a sales pitch, someday it just might be. More than the expensive hobby of a man with an estimated net worth of \$600 million, the Hyperion has begotten yet another Clark start-up — Seascope Communications, a venture in which he and three former Silicon Graphics engineers have been developing the technological guts of the sailboat. Someday, Mr. Clark said, some of their work may find its way into marketable products.

Because no commercial system existed for the computerized operating and navigational system that Mr. Clark had envisioned for Hyperion, he decided to create his own. "I had a particular idea in mind," Mr. Clark said. "I wrote 20 percent of the Hyperion's software code. I built an underlying set of tools, and the engineers used that as a nucleus."

The result is an aluminum-hulled vessel housing 20 powerful Silicon Graphics computers, 37 miles (59 kilometers) of network cables and 500 billion bytes of storage for an electronic log that will automatically record everything that happens with the ship, from changing the oil to hoisting sails totaling 13,000 square feet (1,170 square meters).

"Jim is shooting over the horizon and our objective is to meet him on the horizon," said Jan Boksem, who is overseeing the installation of the ship's computer systems at the Royal Huisman Shipyard in the Netherlands. "The industry isn't ready yet for some of what he's requesting. Everything on Hyperion needs to be controlled and interfaced to computers."

The ship's data and control systems are automated on a central server computer, where all monitoring data is formatted and entered into a database that becomes part of the ship's memory. The idea is for this database to help teach the ship, its captain and crew to sail better, using past experience to determine optimal sail settings for specific wind conditions, for example. (Not that Mr. Clark is expecting Hyperion's captain, Alan Prior, who has been a crew member in the America's Cup and Whitbread races, to require much tutoring.)

Each of the touch-screen computer terminals throughout Hyperion will offer passengers amenities like activating towel heaters in bathrooms, selecting wine from the cellar, or choosing a CD from the 700-plus titles in a music library.

But most noteworthy may be Hyperion's bridge — the control deck, which on most yachts is where the various gauges and monitoring instruments are

arrayed. On many modern ships, these devices tend to be a hodgepodge of systems from various vendors, with readouts that are difficult to consolidate to provide a single look at overall operations.

By contrast, Hyperion's streamlined bridge has six 20-inch computer screens displaying virtual instruments designed to look like conventional ones and using software that can automate all of these monitoring functions and integrate them into a single operational system.

This approach makes it possible for the captain on the bridge, the owner from a remote location and the crew members from various positions on the ship to have access to the information and to give commands — assuming they have personal-identification numbers that authorize them to do so.

"Even though Hyperion's system is sophisticated and complex, it's simple in terms of what the user sees," Mr. Clark said. "Simplicity is the cornerstone of everything technical."

Between preparing for Hyperion's initial public offering and Hyperion's first voyage, Mr. Clark said he had scant free time to chart the start-up's future. He does plan to keep Seascope's engineers employed for at least a year after Hyperion sets sail, initially to debug the system and then to explore the potential for commercializing the software.

He said he doubted that Seascope would pursue the obvious niche for Hyperion's system, the yachting industry, because he sees the market as too narrow. More likely, he said, the software would be marketed to complex environments like petroleum-processing plants, where many sophisticated operations must be monitored over a wide area.

About the only thing that is virtually certain for Mr. Clark, who calls himself a "half-entrepreneur, half-venture capitalist," is that something more than a fancy sailboat lies over the horizon. "I don't like spending this much time and energy on just a hobby," he said.

Not a Sailboat, a Boat Operating System

Jim Clark, founder of Silicon Graphics and co-founder of Netscape, has taken an integrated approach in designing his technologically advanced sailboat, the 155-foot Hyperion. All systems on the boat, including navigation, radar, instrumentation and engine controls are linked to a central computer network where data are processed and stored. Twenty-two computer screens are set up in various locations around the boat, enabling the crew and guests to use menus to access information and issue commands.

Collecting information

1. WIND SENSORS and remote-control day and night vision cameras are built in to the top of the mast.

2. TWO RADAR DEVICES and TWO SATELLITE DISHES are mounted on the mast. Course headings are fed to central computer network. Satellite links allow for high-speed communications while at sea.

3. LOAD SENSORS are located where the mast is connected to the deck. The tension on the mast — the world's highest ever built at 194 feet — is monitored and the information fed into the boat's computer network, which can alert the crew to make adjustments by trimming a sail or changing course.

Processing information

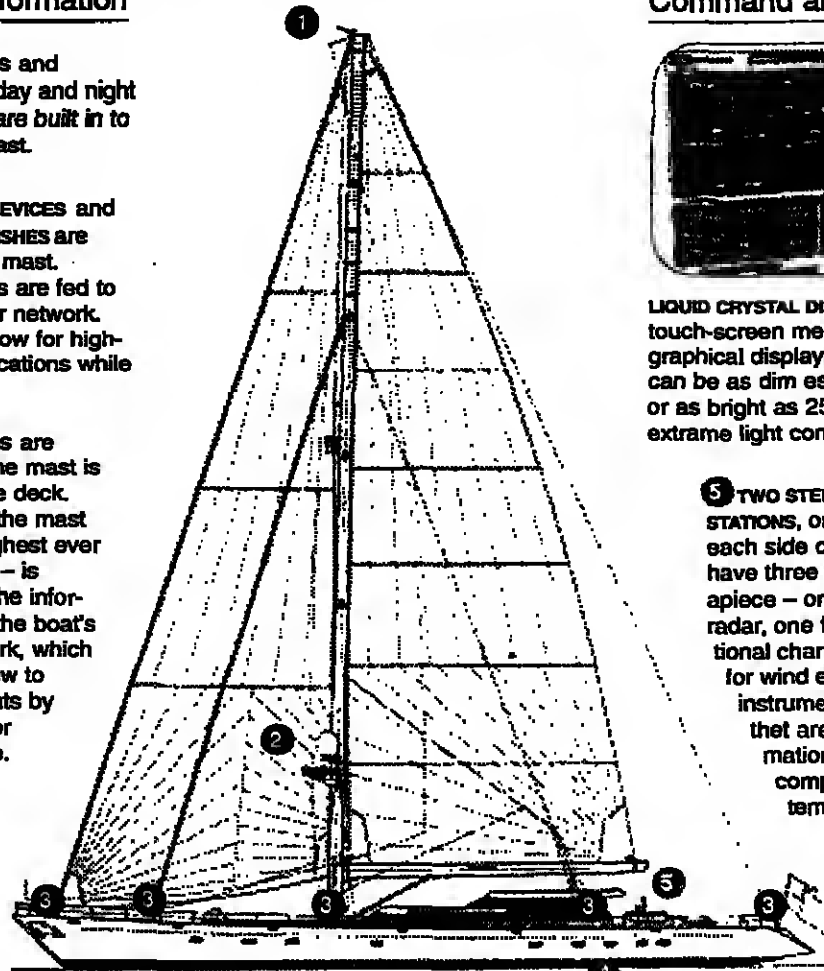
4. COMPUTER ROOM (below deck) has 20 Silicon Graphics computers for data analysis and storage.

Command and control



LIQUID CRYSTAL DISPLAYS use touch-screen menus and graphical displays. The image can be as dim as one-half watt or as bright as 250 watts for extreme light conditions.

5. TWO STEERING STATIONS, one on each side of the boat, have three screens apiece — one for radar, one for navigational charts and one for wind and engine instrumentation that are fed information from the computer system.



Tom Brady/NTT

ALT / Commentary

The Internet Is a Two-Edged Sword

THE coordinated raid by authorities in 14 countries on an alleged ring of on-line child pornography purveyors raises — again — one of the longest-running conundrums connected with Internet technology. Since the medium combines powerful access to other people — including, in many cases, children and the unprotected or naive — with anonymity and the privacy of the user's home, it can unleash the worst instincts in people who might otherwise have been deterred by the practical obstacles to, say, exchanging illegal pictures of children engaging in sex.

How else even begin to explain the extent of horrible activities spotlighted by the raid on the so-called Wonderland Club, where as many as 200 members, and presumably many more, are alleged to have swapped and stored obscene images of minors? (The Net evidently also increases the ease with which people take part in activities that are legal but may be frowned upon in their community, such as gambling, viewing pornography or engaging in sex talk with strangers.)

As it feeds release from inhibitions, though, the Net also feeds the ability to pursue those who take that release too

far, allowing law enforcement agents to leap the boundaries of geography and the practical limitations on investigating and infiltrating criminal circles.

The global child pornography raid last week involved unprecedented coordination of raids in the 14 nations, following investigations that added new Internet-only tools to the familiar battery of wiretapping and sleuthing techniques. Undercover infiltration using an alias becomes far easier in cyberspace, not to mention safer. An American investigative unit called Innocent Images has gained some notoriety for its ability to enter chat rooms and pick up tips on what illegal activities might be occurring in more private, coded or keyword-protected spaces.

Here, too, there is an analogy to legal activity, since groups that worry about the Internet's facilitating of "hate speech" also have discovered that it is far easier to troll for such speech and gather information about the groups that produce it. It will be years yet before we can say whether this latest technology, any more than previous ones, gives a true edge either to the doers of evil deeds or to their pursuers.

This editorial appeared in The Washington Post.

BRIEFLY

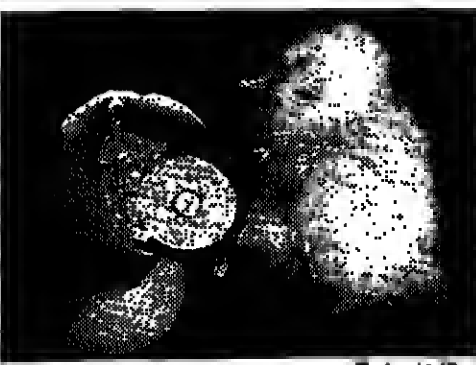
HOW TINY CAN YOU GET?

International Business Machines Corp. announced Wednesday an ultrasmall, one-inch disk drive aimed at the explosively growing market for hand-held computers and consumer appliances such as digital cameras and digital cellular telephones.

The drive, which will not be available commercially until mid-1999, is particularly striking because it is intended to fit into the same flash memory chip slots that are now standard in digital cameras and other consumer devices.

The new drive will store about 5 billion bits of information per square inch, weigh about half as much as a golf ball and store as much as 340 megabytes of information, or the equivalent of about 300 tiny novels.

The device is particularly striking because chip makers have been boasting that their tiny chips will ultimately displace rotating memory systems that were



IBM hatching a tiny disk drive Wednesday.

once as large as washing machines. IBM, however, has now succeeded in forming an alliance with compact flash manufacturers to create a standard that will permit users to choose either flash memory chips or the new one-inch disk drive interchangeably.

"This is an engineering marvel," said James Porter, president of DiskTrend Inc., a market research firm in Mountain View, California. "However, they still have to create a new market." (NYT)

GETTING ORGANIZED:

Franklin Electronic Publishers Inc. is unveiling a new generation of its Rex line of credit-card-sized electronic organizers that allows mobile users to enter and edit data directly on the device.

Franklin, a leading maker of hand-held research devices, developed Rex Pro with Motorola Inc. unit Starfish, makers of software for light data entry and data transfer to personal computer-based information management programs.

The combination gives mobile users of Franklin's new Rex Pro the ability to view, enter or edit appointments, contact information and memos electronically while away from a PC.

Rex Pro will be priced at \$230, including Starfish TrueSync software and a docking station to transmit data back and forth between it and a personal computer. The price of the first generation Rex will drop to \$99.

The 1.4-ounce Rex Pro device has 512 kilobits of data storage, allowing it to hold up to 6,000 addresses, memos or other information, twice the space of the older Rex, which can be updated only via a PC linkup. (Reuters)

OPEN THE GATE, MATE:

Europe Online Ashl, a Luxembourg-based Internet company, said it plans an initial public offering to finance its challenge to the likes of Yahoo Inc. and Excite Inc. in becoming Europe's premier gateway to the Internet.

The company, which is making money for the first time since its founding in 1995, wants its shares traded on the Luxembourg Stock Exchange in about six months, according to Candace Johnson, Europe Online's president. Analysts say an offering could value the company at between \$150 million and \$200 million.

Since declaring bankruptcy two years ago, the company is trying to become Europe's leading Web portal, or gateway guiding users to relevant Internet Web sites by offering services such as search engines, electronic mail and breaking news. (Bloomberg)

Clinton Signs Off on Digital Advance

By Eoin Licken
Special to the Herald Tribune

DUBLIN — When President Bill Clinton applied his digital signature to a joint communiqué with Prime Minister Bertie Ahern of Ireland in Dublin on Friday, the two not only made a little bit of digital history, they also gave an unwitting lift to the cause of strong encryption.

After the virtual signing, which involved both leaders using specially provided smart cards and entering secret personal numbers into separate laptops, Mr. Clinton admitted some ambivalence to "giving our virtual signatures."

He praised the document's broad commitments to the promotion of electronic commerce, rather than the method of signing it, saying it would help "to create an architecture for one of the most important areas of business activity in the century ahead."

The joint communiqué stressed the key role of industry in developing electronic commerce, encouraged the acceptance of electronic signatures for legal and commercial use, welcomed the lack of customs duties on electronic transactions and urged a clear tax policy on electronic commerce. The Irish government had proposed using digital signatures to seal it during Mr. Clinton's three-day visit to back the Northern Irish peace process.

But the signatures may prove more significant than the document's content.

Not only was it the first time two heads of government digitally signed a communiqué, it was also a vote of confidence in digital signatures and, by association, encryption, both of which are crucial for electronic commerce. Many analysts have estimated that electronic commerce will be worth hundreds of billions of dollars by 2002.

Proponents of encryption may now claim innocence by association. The administration has banned the export of high-security encryption software from the United States, but digital signatures and digital encryption are technological first cousins. The two use similar techniques for different purposes: Digital signatures guarantee the authenticity of a signed document, while encryption uses similar mathematical procedures to provide confidentiality.

Aware of White House sensitivity,



Bill Clinton and Bertie Ahern at a Dublin computer plant for the signing.

the Irish company whose technology enabled the digital signing stressed that there was no encryption involved. Paddy Holahan, vice president for business development of the privately owned Baltimore Technologies, said that while the two procedures are "mathematically very close," encryption ensures that only one person can read a document while a digital signature ensures that only one person can create it.

Mr. Holahan said that the signing involved giving each leader a sample digital certificate, which is a publicly available key saying (in Mr. Clinton's case): "This is the president."

This certificate was loaded onto the microchip on his smart card, as well as published on a Web site. In addition, a 1,024-bit secret, or private, key was loaded onto the card. The digital signature was made with a combination of the information on the smart card as it was swiped through a card reader, the president's private identification number and a unique mathematical representation, or "hash," of the document itself.

This signature, once added to the original document, can subsequently be verified using the president's public

key, assuring readers that not only is the president's signature but that it was applied to this document.

Because the electronic signature included the hash of the signed document, any subsequent alterations of the document would be highlighted during a check of the signature.

Mr. Holahan said the 1,024-bit private key provided a high degree of protection from computer-assisted fraud. "By brute force it would take billions of years to duplicate or break it," he said.

In contrast, those with powerful enough machines can break the 56-bit limit on encryption software exportable from the United States. The current law, requiring that makers of stronger encryption software provide the government with a master key, has benefited non-American companies like Baltimore, which sells 128-bit encryption software.

But sources in the security software industry say an easing of the current U.S. restrictions is imminent, despite the likelihood that e-commerce will thrive where policies are more relaxed, such as in Ireland. They can only hope the president's digital signature may encourage a change of heart.

Crypto Laws Impel American to Become an 'Ex'

By Peter Wayner
New York Times Service

MOST people who leave the United States and settle in the Caribbean are probably lured there by a dream of secluded beaches, warm winters and other delights.

But Vince Cate says he sees the Caribbean as a world where he has complete freedom to write computer software and to send it around the world.

In 1994, Mr. Cate moved to Anguilla and helped install Internet service on that tiny member of the Leeward Islands. Several days ago, he went a step further and flew to Barbados, site of the nearest U.S. Consulate, to do the paperwork to renounce U.S. citizenship.

Mr. Cate, an encryption expert and one of the sponsors of an annual academic conference on financial cryptography in Anguilla, said he made the decision because he was setting up a new company, Secure Accounts, inten-

ded to design and produce basic software to handle electronic transactions. The software will rely heavily on encryption to scramble data as a guard against fraud, theft and embezzlement.

After renouncing his citizenship, Mr. Cate said in an e-mail message that he wanted "to be free from the silly U.S. laws on crypto."

Normally, setting up an international company does not require renunciation of one's citizenship, but Mr. Cate's expertise in creating encryption software places him in a special class.

If he were to offer any advice to non-U.S. citizens about the encryption built into his financial-transaction software, he would violate U.S. laws, which treat the transfer abroad of such encryption as illegal international arms traffic.

These laws apply throughout the world and are intended to stop U.S. citizens from helping other countries develop encryption software.

The U.S. government looks upon encryption software with the same vigil-

ance that it applies to secret weapons.

Recently, many leading software companies, including Sun Microsystems and C2 Net, have opened facilities outside the United States, hiring foreign nationals to do the work. This has required complicated footwork to avoid violating U.S. export laws.

Before renouncing his U.S. citizenship, Mr. Cate became a citizen of Mozambique for a fee of about \$5,000. "This makes me an American-African," he joked.

SITES

AVS Online's European Crypto Page with interesting links:
www.madeeml.cs.tut.fi/~avs/eu-crypto.html

Encryption Privacy and Security Resource Page, a good starting point for news on U.S. encryption policy:
www.cryptn.com

TECHNOLOGY INDEX			
A glance at technology stock indexes around the world			
	Tuesday close	% change previous week	% change year to date
North America			
Pacific Stock Exchange Technology	316.02		8.76
Standard & Poor's Technology Composite	860.74		22.97
Europe			
Morgan Stanley Eurotec	602.91		56.51
Asia			
Topix Electric	1582.66		-3.74

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Not Ready for Year 2000, Sept. 4
- Airbus to Drop China Venture, Sept. 4
- Judge Denies A Delay in Microsoft Suit, Sept. 5-6
- Airbus and Boeing Face Market Downturn, Sept. 5-6
- Fujitsu to Close Its English Chip Plant, Sept. 5-6
- Europe Gains on U.S. In On-Line Commerce, Sept. 8
- Messages Contrast From Planemakers, Sept. 8
- Acer Backs Out of Deal to Purchase Siemens Computer Unit, Sept. 9
- Airbus Splits A Bonanza of Plane Orders With Boeing, Sept. 9

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@ihl.com.

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Clinton Losing Support

Bill Clinton returned to work this week in a Washington unmistakably transformed since his hedged, much ridiculed confession to the nation last month about his relationship with Monica Lewinsky. With Democrats increasingly allergic to their leader and Republicans no longer treating impeachment proceedings as unthinkable, he faces a rapid erosion of support that imperils his presidency. As an astute politician and adroit card player, he must by now realize that his incomplete explanations about Ms. Lewinsky are a losing hand.

If Mr. Clinton wants to regain some control over his political situation, he must change course decisively and quickly. The country demands a serious presidential discussion about the Lewinsky case and its moral, legal and political implications. If Mr. Clinton chooses not to lead that conversation himself, it will be shaped by Kenneth Starr and may ultimately take the form of impeachment hearings in the House of Representatives.

Mr. Clinton's fellow Democrats did the country a valuable service last week by initiating a thoughtful debate about the president's behavior. Senator Joseph Lieberman, a longtime Clinton ally, made clear in an anguished, unsparing speech on the Senate floor that Mr. Clinton's cryptic comments would not suffice. Senators Bob Kerrey, Daniel Patrick Moynihan, Barbara Boxer and Ernest Hollings later voiced their own misgivings.

With so many Democratic candi-

dates avoiding him, it is clear that the party will not rally to the president's defense unless he abandons his legalistic dodging.

Much now depends on Mr. Starr's report to Congress, which is being drafted with appropriate speed. Evidence of obstruction of justice, witness tampering or perjury might well propel the House toward the first stage of impeachment proceedings. Mr. Starr correctly rejected a request by Mr. Clinton's lawyer, David Kendall, for an advance copy of the report. The document is being prepared for a panel of three federal judges and the House. The White House will get its chance to reply in due time.

Mr. Clinton and his lieutenants want to believe that the president's job performance ratings make him impervious to criticism in Washington. But the ground shifted under him during his vacation. He is no longer viewed as the victim of a zealous prosecutor but rather as a disappointing man who lied repeatedly to the country and his family. The velocity of events show how badly he miscalculated in offering an abbreviated statement to the country on Aug. 17.

Mr. Clinton last week belatedly edged toward greater openness by endorsing Mr. Lieberman's speech and calling his own conduct "indefensible." The same can be said of his continued refusal to talk to the nation. Another adjective that comes to mind is "self-destructive."

—THE NEW YORK TIMES

Northern Ireland

Nothing has retarded peace more in Northern Ireland than the determination among the paramilitaries to retain an option of armed struggle. Hence the mutual hesitation to accept a trust-building program of agreed and supervised disarmament of terrorists, or "decommissioning." Hence as well the impetus now given to implementing Northern Ireland's Good Friday peace agreement by the latest statement from Sinn Féin, political wing of the terrorist IRA. The Sinn Féin president, Gerry Adams, declared violence "a thing of the past" and appointed its chief negotiator to start going back and forth between the IRA and the international official who is meant to oversee disarmament.

Mr. Adams was acting in response to the latest terrible massacre conducted at Omagh last month by a splinter of the IRA calling itself the Real IRA. IRA credibility cannot be established by a single statement. Still, to stop equivocating about violence and to declare it "a thing of the past" is to give welcome impetus to the May peace agreement's

promise to resolve political differences only by political means.

The IRA's weapons are still mostly hidden and available for the resumption of terrorism. But the Adams statement means, if it is fully carried out, nothing less than the end of the IRA's long and bloody campaign to end British rule in Northern Ireland. Progress on IRA decommissioning can only encourage the Protestant paramilitaries to follow suit. The British and Irish governments have newly armed themselves with tougher powers to go after the splinters.

Days after his statement, Mr. Adams talked for the first time with the leader of Northern Ireland's largest Protestant party, David Trimble, on the sensitive subject, among others, of Catholic-Protestant power-sharing. He had been encouraged to do so by Bill Clinton, who made a useful stopover in Northern Ireland on his way back from Moscow. Their common purpose is to make the 29 lives lost in Omagh the last bloodbath in Ireland.

—THE WASHINGTON POST

The Home Run King

With what seemed like the whole country in attendance, Mark McGwire of the St. Louis Cardinals drilled his 62nd home run into the bleachers of Busch Stadium and into the history books Tuesday night, breaking Roger Maris's 37-year-old mark of 61 homers in a single season.

It is possible that the man who has been shadowing Mr. McGwire all summer, Sammy Sosa of the Chicago Cubs, will overtake him before the season ends on Sept. 27. Yet whatever happens, this was a joyful moment to be savored and celebrated, by Mr. McGwire and by anyone who loves sports and baseball in particular.

He hit a home run in his first at-bat as a 10-year-old Little League player. He hit 49 home runs as a rookie in 1987 and is the only player to hit more than 50 home runs three years in a row. But what he has done this year is astonishing nonetheless.

Making solid contact with a small object traveling 90 miles (145 kilometers) per hour is one of the hardest tasks in sports, and to do it with consistency and power is even harder. It is harder still when everyone seems to be watching, and when the prize is the most venerated record in American sports — a record unrivaled, as our colleague Murray Chass observed, for "glamour, notoriety and its yielding grip on the American consciousness."

The McGwire-Sosa show could not have come at a better time for baseball, which has suffered from rudderless leadership, petulant players, terrible labor relations and competition from other sports. The home run chase has completely overshadowed the opening

Other Comment

Strengthen Interpol

The war against terrorism will be a long one fought on many fronts, and great successes often result from individual law enforcement officers doing little things that at the time don't seem glamorous or extraordinary.

Strengthening the capability of Interpol would give more law enforcement officers the information, equipment and know-how to do the little things in the short run that keep us all safe in the long run.

—Ronald K. Noble, commenting in The New York Times

For America's Sake, the President Should Resign

By William Pfaff

PARIS — Three weeks ago it was possible to say that resignation was the only honorable course before President Bill Clinton. Now it is the necessary course, for the country's sake.

His entourage has hoped that a polarized partisan debate in the House of Representatives might yet save him, mobilizing Democrats against Republicans. That has now been made impossible by the dignified but implacable indictment of the president on the Senate floor last week, by his former ally, Joseph Lieberman of Connecticut, followed by statements from other leading Democrats, including the man who deserves to be considered the conscience of the Democratic Party, Daniel Patrick Moynihan of New York.

Mr. Clinton presumably hopes to escape with only a congressional reprimand (which has no constitutional foundation). Senator Lieberman suggested that this might be the outcome. It is conceivable that it might be, since Congress, for comprehensible reasons, is reluctant to contemplate impeachment. However, this would not provide a satisfactory solution. The problem now concerns the nation, not the individual.

If the president does not resign, nothing can prevent every squalid and dishonoring detail of his affair with Monica Lewinsky, and of his attempts to conceal it, from being made public — to the disgrace of his family, the dis-

credit of his administration and the humiliation of those who have supported him, and Americans generally.

If he resigns now he retains his dignity, spares others, and spares the nation this degradation.

Serious matters await attention, but the administration and its foreign policy apparatus are all but paralyzed. The Washington political class, and television and the press, are obsessed with the presidential scandal. Only Bill Clinton can put an end to this.

He experiences, in a phrase from James Barrie, "the tragedy of a man who has found himself out."

It must be put into historical perspective. The American political experiment had so extraordinary an influence on the world because of the nobility of the principles and language by which it was formulated, in the Declaration of Independence, the Constitution and the speeches and writings of those we Americans are accustomed to call the Founding Fathers.

We are their inheritors, in that the president and others in high office have always been held to a higher standard than that of ordinary men and women. This may be unfair in personal terms, but it is an essential element in the historical continuity of the American political experiment.

The United States was conceived within the intellectual and rhetorical conventions of the late 18th century, and the effect of those conventions was to commit American government to certain elevated moral assumptions, and to the transmission of that commitment to those who followed.

Men and women undoubtedly were no better in the 18th century than they are now, in their intimate sentiments and character, but the public culture and morality of the time held them to a certain standard of public virtue, which, if it was not honored in the act, was honored in the breach. This was how they thought they had to behave.

Such a conception of political virtue was part of American education and culture until recently. Everyone recognizes the obduracy of Abraham Lincoln's public utterances and acts. He may have been sentimentalized in the hagiographical accounts published after his assassination and in the early decades of this century, but the suffering of the man, confronted with the tragic choices posed by secession, civil war and slavery, is undeniable. He was a moral man, and a tragic one, in an American moral continuity.

A tradition of virtue in public service has existed in modern American government. I think of George Marshall, wartime chairman of the Joint Chiefs of Staff, who after his service as Harry Truman's secretary of state was offered

a million dollars — in 1950s dollars — to publish his memoirs. He refused, saying that an honorable man should not take profit from government service.

I think of Truman himself, and his humble acceptance of responsibilities for which he was unprepared, and his courage in faithfully executing those responsibilities.

The United States truly has not been like other nations, because it is not a historical nation by origin. It was not "there." It was made. It was a construction which rested on certain principles and beliefs derived from the Scottish and French Enlightenment, and from the Christian culture of England and Colonial America.

From the beginning it considered itself a vehicle for elevating men and women, so as to cause them to become better than they might otherwise be.

An honorable man or woman is one who is prepared to sacrifice himself or herself to a principle, value or higher interest. This is not, perhaps, a common quality in public life. Its existence depends upon a public culture which inculcates such values. This has not recently been the case in America.

I would ask if the present situation might prove the occasion for a cathartic seizure of national conscience. Mr. Clinton, with courage, might do us that service.

International Herald Tribune.
Los Angeles Times Syndicate.

The Big Postwar Institutions Are Becoming Obsolete

By Jim Hoagland

WASHINGTON — In global conventional wisdom, the current crop of world leaders is not up to the harsh tasks that this inchoate age poses. But the human frailties and failings of Bill Clinton, Boris Yeltsin and the others do not alone account for the battering that international institutions, national governments and world markets have taken in 1998.

Also faltering is the international system itself, which is in urgent and desperate need of re-examination and reform.

The intractable challenges of Iraq, Kosovo and Congo underline the debilitating weakness of the United Nations as clearly as the financial and political devastation of Russia, Indonesia, South Korea and others have unveiled the incapacity of the International Monetary Fund to deal with modern financial volatility.

Those two central institutions, and others, were created from the ashes of World War II, to deal with a world that no longer exists. Global reform

must now encompass not only the end of the Cold War but also time's gradual, nearly final erasing of the international order designed in the 1940s at Bretton Woods, San Francisco and elsewhere.

That system effectively reflected and served American values and needs for the past half-century, as policymakers relied on it to ward off a new world war or a global depression.

A consensus on internationalism was given clarity by the threats and demands of the Cold War. That consensus is rapidly fragmenting as the instruments of internationalism prove ineffective in meeting today's more diffuse challenges.

The debates in Russia and Indonesia have irrevocably made this point about the IMF.

Created at the 1944 Bretton Woods conference to manage a fixed exchange rate system for market economies, the IMF was pressed into service as an international lender of last resort

when overheated and poorly managed economies began to tumble a year ago. But it has floundered in a global economy based on floating exchange rates and dominated by private capital flows and banking decisions that neither the Fund nor anyone else effectively supervises.

The widening collapse of international consensus also surfaced last weekend in San Francisco when Finance Minister Kiichi Miyazawa bluntly rejected urgent appeals from Treasury Secretary Robert Rubin and Federal Reserve Chairman Alan Greenspan to stimulate the Japanese economy so as to forestall a global recession or perhaps even a meltdown.

Japan has long pursued its own economic policies despite U.S. advice or pressure. That was not new. What emerged more clearly from the Miyazawa-Rubin impasse was evidence that Japan and the United States no longer share a common approach to or analysis of

what the international financial system is today.

In rare moments of candor, U.S. officials concede that they no longer have the ability to understand, much less influence, Japan's financial and fiscal policies. Tokyo responds with similar incomprehension, accusing Mr. Rubin of scapegoating Japan when the problem lies with the Federal Reserve's timid refusal to lower U.S. interest rates to calm markets.

Against this background, the core problem for global markets is neither Japanese nor U.S. policies as such, but the barrenness and increasingly conflictive nature of the relationship. The world's two largest economies have been the primary sources of the capital, innovation and technology that have powered globalization. Now their financial leaderships disdain each other, and investors, banks and markets have every reason to be nervous.

The crumbling of consensus on goals and methods also surfaces politically in the UN Security Council's refusal to enforce its own ban on Iraq's

acquiring of weapons of mass destruction, and in NATO's unfulfilled promises to halt the bloody repression in Kosovo.

It may seem the worst of times to call for major new international initiatives. Who can take seriously a scandal-damaged Bill Clinton, an electorally endangered Helmut Kohl, a politically bankrupt Boris Yeltsin or Japan's super-cautious Prime Minister Keizo Obuchi? Their individual and collective weakness is a factor in the current decline in international confidence and consensus, and in the upheaval in markets.

This growing vacuum of power and leadership needs to be checked. And a serious new effort imbued by a spirit similar to that of Bretton Woods or the San Francisco UN conference must be made, and soon. It is in the interests of all nations to re-define and shore up the international institutions that are rapidly becoming obsolete.

The Washington Post

Global Capitalism, Once Triumphant, Is in Full Retreat

By Robert J. Samuelson

WASHINGTON — Shaky world stock markets contain a large, though muffled, message: Global capitalism, whose triumph once seemed inevitable, is now in full retreat, perhaps for many years.

If you doubt that, look at Hong Kong, a citadel of free market thinking. Even Hong Kong's overlords have so worried of global financial turmoil that they have resorted to government intervention in the market.

Who would have guessed this? After the Cold War, global capitalism offered a powerful vision of world prosperity and, ultimately, democracy. Multinational companies and investors would pour technology and capital into poorer regions, creating a transnational mass market of middle-class consumers who would drive Toyotas, watch CNN, eat Big Macs — and, incidentally, demand more freedom.

World trade and investment did indeed surge, but not with the expected consequences. Global capitalism is destabilizing the economies of poor countries and inflicting large losses on investors in rich countries.

The idea was to open up markets to trade and foreign investment, but now markets are being shut. Malaysia has imposed exchange controls. Russia defaulted on some foreign debt and stopped converting rubles

into hard currencies. What went wrong? On one level the answer is simple: Countries became overdependent on foreign capital, which, having entered in huge amounts, is trying to leave the same way.

In 1996, South Korea received \$42 billion of inflows; a year later, outflows totaled \$21 billion. What initially triggered the reversal was the recognition that much foreign money had been squandered through "crony capitalism" or misguided industrial policies.

Asia was dotted with empty office buildings and surplus factories. Overseas banks refused to renew their loans. Multinational investors sold shares and converted their funds back into dollars.

Now the fear of capital flight is feeding on itself, and spreading to Latin America. If people fear that the Mexican peso will be devalued, they may convert pesos into dollars. The frightened include locals, not just foreign investors. But countries need hard currencies to pay for imports, and they can't afford a depositor run on their banks.

High interest rates are one way to halt the process by rewarding people for keeping funds in local currencies. Hong Kong's short-term interest rates have risen to about 15 percent,

Mexico's to 36 percent. The trouble is that punitive interest rates crush local economies.

If a few economies face this squeeze, it's their problem; if many economies do, it's everyone's problem. This is happening. The threat of capital flight has shoved so many countries toward austerity that it is inducing a worldwide slump. Again, the process feeds on itself.

Feeble economic growth has depressed prices of raw materials exports. From June 1997 to August 1998, oil prices dropped about 30 percent (affecting Russia, Mexico and Venezuela, among others); coffee prices fell 43 percent (Brazil and Colombia); gold prices sank 17 percent (Russia, South Africa).

Earning less abroad, these countries must slow their economies to cut imports. This depresses U.S. exports and the profits of multinational companies. Thus does the Third World's distress threaten the First World's prosperity.

But global capitalism's failure demands a deeper explanation. After all, capitalism is supposed to excel at allocating investment funds efficiently. In this case, it didn't.

The deeper explanation is that market capitalism is not just an economic system. It is also a set of cultural values that emphasizes the virtue of competition, the legitimacy of profit and the value of freedom. These values are not universally shared.

As a result, spreading capitalism is not simply an exercise in economic engineering. It is an assault on other nations' culture and politics that almost guarantees a collision. Even when countries adopt some trappings of capitalism, they may not embrace the basic values that make the system work. This is what happened.

Led by the United States, global agencies (the World Trade Organization, the IMF) sought to persuade poorer countries to become more open to trade and global capital. These countries tried to maximize the benefits of the process while minimizing changes to their politics and commerce.

Mutual deception flourished. Countries like South Korea and Russia pretended that they were changing more than they did. American, European and Japanese bankers, executives and

government officials pretended that the claims were true, or might become true.

Loans were made on the basis of incomplete or faulty financial statements. Or they were made on the faith that, if a loan went sour, someone (the government, the IMF) would cover the losses.

Global capitalism became a dangerous hybrid. On the one hand, investors committed huge sums and expected high returns. On the other, the money often went (through bank loans, bond issues and stock offerings) to borrowers who were not operating by strict rules of efficiency or profit and loss.

"Crony" capitalism often meant corruption — contracts won with bribes, favoritism for the well-connected. In 1997 a group called Transparency International ranked corruption in 52 countries as judged by global executives and country specialists. Russia ranked fourth, Indonesia seventh, Thailand 14th.

Capital flowed freely while optimism and self-deception prevailed. Banks collected interest on loans. "Emerging market" mutual funds rose. While everyone enjoyed profits, there was a suspension of disbelief. Now comes the reckoning.

Capital flight has forced most

developing countries to scramble to conserve scarce foreign exchange. All their choices are bad. Malaysia's exchange controls, by stifling foreign credits, risk loss of future foreign investment. Still, some U.S. economists see currency controls as a temporary way to avoid high-interest-rate austerity.

A gentler way to achieve the same result would be debt relief. Global bankers would write down loans, easing the repayment burden. But so far, banks have shown little interest.

A third approach is to attract new long-term capital to replace old short-term capital. Some of this is occurring as U.S. and European firms are allowed to buy South Korean or Thai companies that were once off-limits. But developing countries are reluctant to sell too much of their economic bases to foreigners at fire sale prices.

Even if the worst does not occur, the world will never be the same. Global capitalism will not soon regain its aura of infallibility. Free trade and the free movement of capital would, in a world in which everyone worshiped efficiency and profits, enrich all nations. The trouble is that we do not live in such a world.

Newweek

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Army Scandal

WASHINGTON — The Secretary of War has made a formal request to the President that there be an investigation into the conduct of his department. It comes at a strong demand of the press and of the country. General Alger's friends feel certain that the final result of such an investigation will be a complete exoneration of the Secretary himself from responsibility for the shortcomings developed in the different departments of the army. They claim that the only dereliction has been on the part of the regimental officers in the volunteer army, to whose incompetence they attributed the lack of food and the development of disease in the camps.

1923: Il Duce's Prestige

ROME — The triumph of Signor Mussolini in obtaining the endorsement of the Conference

of Ambassadors for his demands upon Greece has brought him up on a new pinnacle of popularity among world statesmen. It will strengthen his hand in dealing with Serbia over the Fiume crisis. The solution is held to be a triumph of the old diplomacy, over the new League methods, as had the Ambassadors not forestalled the League the crisis would still be unsolved.

1948: Berlin Riots

BERLIN — Soviet soldiers and Soviet-controlled police opened fire on angry mobs which, turned on them with stones and jeers while en route back from a rally of a quarter-million Germans against Communist terror in Berlin. The riots, which took place at the Soviet-British sector border, resulted in at least four injured and the death of a fifteen-year-old boy. The riots flared out of the strongest anti-Soviet feeling in three years.

Herald Tribune

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Tel.: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.93.38.
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U.K. Advertising Office: 43 Long Acre, London WC2E 3AF. Tel.: (171) 836-4802. Fax: (171) 740-2254.
S.A.S. de capital de 1.200.000 F. RCS Nanterre B 731021126. Constitution Paritaire No. 61337.
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مكتبة المجلد

INTERNATIONAL

Khatami Says Iran Is Ready to Act to Resolve Crisis With Taliban

By Douglas Jehl
New York Times Service

TEHRAN — Despite American calls for restraint, Iran's president said Wednesday that his country would act "in whichever way we see fit" to resolve a potentially explosive dispute with the militant Islamic movement that controls most of neighboring Afghanistan.

The warning by President Mohammad Khatami amplified the blunt message already sent by Iran through a major troop buildup near the Afghan border. Though Mr. Khatami pledged Wednesday that Iran would turn first to diplomacy to resolve the crisis, he also suggested that the United States had little business warning others against the use of military force.

"They get worried when we act on our own borders to protect our security," Mr. Khatami said of American officials. "But they allow themselves to launch long-distance missile strikes on other countries and kill innocent people."

Mr. Khatami was clearly referring to American attacks last month on alleged terrorist targets in Afghanistan and Sudan, and his comments seemed intended to build a further case for possible Iranian military strikes against the Taliban movement, a bitter rival whom Iran has held responsible for the disappearance of dozens of Iranians, including 11 dip-

lomats, during fighting in Afghanistan last month.

The Iranian buildup — numbering about 70,000 troops, along with large stocks of military equipment — and nearly a week of warnings from Tehran have prompted expressions of deep concern in Washington.

On Wednesday, the State Department spokesman, James Rubin, urged Afghanistan's neighbors "to refrain from taking actions that could further enlarge or inflame the conflict." Iran-based diplomats and other independent experts here said that they continue to regard an all-out war as unlikely.

But they said it seemed possible that Iran would launch at least a limited punitive strike unless the Taliban responds soon to Iranian demands for answers about the fate of its citizens, who had been based in the northern, rebel-held town of Mazar-i-Sharif until it was overrun by Taliban forces on Aug. 8.

The United States has not been alone in urging that the conflict be resolved peacefully. Both Pakistan and Saudi Arabia have warned that the use of force by either side could further unsettle a volatile region, and a United Nations spokesman said Wednesday that Secretary-General Kofi Annan had been talking to the parties "about ways to sort this out."

Working with the help of Pakistani intermediaries, Iranian diplomats have

met during the last week with some Taliban officials, and have succeeded in winning the release of five Iranian truck drivers freed by the Taliban as a goodwill gesture. But Iran says that the Taliban has yet to account for at least 45 Iranians who have been missing since the fall of Mazar-i-Sharif, which had been the headquarters of an Iranian-backed militia alliance fighting to keep the purist Islamic movement from consolidating its hold on Afghanistan.

Some reports have said the Iranian diplomats might have been killed when the Taliban seized the Iranian consulate in the city. One top Taliban leader has been quoted as saying that the diplomats were "probably dead."

Iran's supreme leader, Ayatollah Sayed Ali Khamenei, who is commander-in-chief of Iran's half-million strong armed forces, said late last week that there would be no confrontation between Iran and the Taliban, despite the buildup of elite Revolutionary Guards and other forces who have remained in place after staging high-profile war games near the Afghanistan border.

In recent days, however, Iranian officials have seemed to suggest that their patience may soon wear thin.

On Wednesday, the foreign minister, Kamal Kharazi, called on the Taliban to "respond positively" to Iran's demands "before it is too late." And Mr. Khatami,



Former President Burhanuddin Rabbani of Afghanistan, left, meeting the Iran foreign minister, Kamal Kharazi.

arelatively moderate Shiite Muslim cleric who has tried to build bridges with many of his country's longtime foes, sounded positively bitter as he complained that others around the world seemed indifferent to the missing Iranians' fate.

He even said he held the Taliban responsible for "a human tragedy" and "genocide" in Afghanistan, where the movement captured the capital, Kabul, two years ago and now controls about 90 percent of the territory.

Although Mr. Khatami did not elaborate on his remarks, he seemed to be

referring to findings issued last week by the human rights group Amnesty International that thousands of Shiites had been killed during the taking of Mazar-i-Sharif by the Taliban, who follow a purist version of Islam's dominant Sunni faith.

JAPAN: Tokyo Lowers Key Rate in Attempt to End Recession

Continued from Page 1

come virtually zero, and it becomes highly difficult for the Bank of Japan to shape monetary policy by further lowering interest rates.

"They may have used their last bullet," said Robert Alan Feldman, chief economist at Morgan Stanley Dean Witter in Tokyo. "They've already cut rates this far and it's probably helped but it hasn't offset headwinds from elsewhere."

Increasing the money supply by pouring more funds into the economy is another way of easing monetary policy, but it is one that the Bank of Japan has shied from because it is not as precise as manipulating interest rates. On Wednesday, however, the Bank of Japan also said it would supply a large amount of liquidity into the money market, if necessary, regardless of the level of the overnight interest rate. Doing so, in essence, could make money virtually free.

"It's a welcome development, but it's probably too little, too late," said Peter Morgan, an economist at HSBC Securities Ltd. in Tokyo. "They think that things are bad enough that they can break the glass and bring about a rate cut."

The central bank's move came a day after the government's top economic official, Taisuke Sakaiya, said Japan's economy was in an "extremely severe" situation and on the brink of deflation. Mr. Sakaiya added that the global economy was "at the threshold of an extremely difficult phase."

On Wednesday, the Bank of Japan acknowledged that the level of economic activity had fallen "considerably," adding that it did not deny the possibility of a "further deterioration" of the economy. The sinking of the economy is particularly worrisome, as the government has been trying to increase growth through fiscal spending. It is carrying out large tax cuts and is already beginning to pour about 16.6 trillion yen (\$125.57 billion) into the economy as part of a giant fiscal stimulus package.

Japan's economy is suffering from deflation, where falling prices and profits lead to a contraction of demand for goods and services. Earlier Wednesday, the Finance Ministry released figures showing that capital spending in the second quarter fell 10.6 percent from



Masaru Hayami announcing the rate cut in Tokyo on Wednesday.

the same period a year earlier, a fall that is the largest in years.

Moreover, deflation means that real interest rates rise, increasing the real costs to borrowers.

Mr. Hayami, the central bank governor, said that the rate change was made in part to prevent Japan's economy from "falling into a deflationary spiral," in which prices and profits begin collapsing at an increasingly rapid speed.

Both Mr. Sakaiya's remarks and the Bank of Japan's policy change come two days before Japan is scheduled to release economic data for the second quarter, and some economists said these moves could be a foreshadowing of more bad economic news. Japan's economy shrank in the first quarter at an annualized rate of 4.3 percent, and while some economists had expected the economy in the second quarter to contract by less than 1 percent on an annual basis, that perhaps may be too optimistic.

Japan's banks and corporations will settle their half-year accounts at the end of this month, and one of the central bank's main concerns is to keep the markets flush with money to prevent a sudden liquidity squeeze. It was such a squeeze last autumn that helped lead to the failure of four financial institutions and a market meltdown.

KOHL: In Germany, a Glimmer of a Race

Continued from Page 1

weeks of the campaign. Instead, it is back to dealing with the election's basic instinctive question: After 16 years, have you had enough of Mr. Kohl?

Parallel to the result in Bavaria, the party still has to find a way to silence its public disputes about whether a re-elected chancellor would serve a full four-year term or give way, perhaps in 2000 at age 70, to Wolfgang Schäuble, the party's Bundestag leader.

By the Christian Democrats' reckoning, about a third of the electorate remains undecided. Ennki, a polling organization canvassing voters weekly for Der Spiegel magazine, no friend of Mr. Kohl's, put the undecided total last week at 53 percent, with 60 percent of this group leaning to the Christian Democrats. Klaus-Peter Schöppner of Ennki said in an interview with Stern magazine that a last-minute turnaround was possible.

"Every bit of research shows that fewer voters have close party links," he said. "As a result, there can be considerable movement in the final phase."

Mr. Schöppner described these undecided voters as going through the last part of making up their minds only after breakfast on election day. As a result, he said, "Kohl can still pull them over."

But other polling organizations were reported to be saying privately that the chancellor was unable to overtake Mr. Schöppner.

A poll from Allensbach Institute published Wednesday in the Frankfurt Allgemeine Zeitung showed the Christian Democrats going to 35.6 percent from 35.5, while the Social Democrats declined to 40.8 percent from 41.1.

On the basis of their current scores in various polls, the Greens, the Free Democrats and the Party of Democratic Socialism, made up of former East German Communists, appear likely to win the necessary minimum to be in Parliament.

All this polling had a particularly un-

certain undertone because the major survey organizations have hurt their reputations since last autumn with three clear misses in projecting key elections. They did not point to the defeat of the Social Democrats' Henning Voscherau, a close ally of Mr. Schröder's, in Hamburg regional elections, they considerably undershot Mr. Schröder's impressive showing in March in his home state of Lower Saxony and they gave no warning of the 15 percent vote for the extreme right German People's Union in Saxony-Anhalt in Eastern Germany.

More and more, German voters tend to think of themselves as individuals with special interests, beyond ideology and less dependent for their well-being on events outside the country. And both main parties maintain that polling in the formerly Communist-run Eastern Germany is particularly difficult because of a wariness among voters to respond comfortably to canvassers.

What the big parties acknowledge less readily is that in a campaign frequently short on specific content, in which the candidates have avoided proposing major choices on German society, large numbers of voters may well be waiting until the last days of the campaign to find an element they believe concerns them. A number of surveys have found disaffection, even doubts about democracy and capitalism, to be markedly high, increasing the sense of indecision.

In the end, voters have only partial control over who will participate in the next government. Although it is certain that a coalition will come to power, there are multiple possibilities depending on which of the two main parties wins the most votes, and which of the smaller parties reach the scores necessary to enter Parliament. The three most likely outcomes are a coalition of Social Democrats and Greens, the return of the governing alliance of Christian Democrats and Free Democrats, or a grand coalition between the two major parties.

"Maybe they know something about the financial system," said Mr. Feldman at Morgan Stanley Dean Witter.

Indeed, in stock market trading Wednesday, investors drove down the share price of Fuji Bank Ltd., as rumors circulated that the bank had sustained huge losses of about 2 trillion yen from derivatives, financial instruments which create value from underlying securities and bonds. Terunobu Maeda, a managing director at Fuji Bank, denied the rumor at a press conference Wednesday, saying it was "totally groundless."

"We have lost about 15.5 billion yen at most," he said.

The last time the Bank of Japan cut interest rates was in September 1995, when it lowered the official discount rate, the overnight rate that the central bank charges to private banks, to half a percent.

Bankers say it is unlikely to touch that rate for now.

Japan's financial system has been teetering amid a parliamentary debate over how to deal with the nation's very large and very sick banks. In particular, at issue is the fate of Long-Term Credit Bank Ltd., one of the country's largest institutions with 25 trillion yen in assets.

The government wants to use taxpayer's money to save the bank, while the opposition parties want strict conditions for doing so. The debate has stymied the passage of six financial reform bills the government hopes will stabilize the financial system.

Wednesday, however, the governing Liberal Democratic Party and the opposition groups seemed close to a compromise that would allow for a quick passage of the financial legislation, perhaps before Prime Minister Keizo Obuchi visits the United States to meet President Bill Clinton later this month.

Daiwa Posts Huge Russian Loss

Daiwa Securities Co., Japan's second-biggest broker, said it recorded losses of about 14 billion yen on Latin American, Asian and other emerging market debt in August, Bloomberg News reported.

In August, Russia devalued the ruble and defaulted on \$40 billion of ruble-denominated debt. Russia's financial crisis sparked a fall in emerging-market debt around the world, led by Venezuelan and Brazilian bonds.

Daiwa is one of a many securities companies to announce losses on emerging market debt. Nomura Securities Co., Japan's biggest broker, said last week it lost \$350 million on Russian bonds, while Morgan Stanley, one of the biggest U.S. brokerages, said trading losses from Russia would reduce third-quarter profit by \$110 million.

CHOICE: Method for Selecting Baby's Sex

Continued from Page 1

ethical quandaries opened up with a decision to provide sex selection and whether the animal tests were adequate to show safety to humans.

Sex selection has been used for millennia, with folk remedies that supposedly guaranteed a baby of a particular sex, female infanticide and, more recently, the abortion of fetuses because of their gender.

Decade after decade, so many groups have claimed that they had a method for sex selection that the entire field became tainted, said Dr. Richard Rawlins, the director of the in vitro fertilization laboratories at Rush University in Chicago.

Most recently, claims that male sperm could be separated because they swim faster were found to be without scientific basis.

To sift sperm, researchers at the Genetics & IVF Institute stained their DNA and then used a cell sorter that lined up sperm individually in a stream, where each sperm's DNA content was measured and the X-containing sperm separated from those with a Y-chromosome.

The scientists said it takes most of a day to sort the approximately 200 million wriggling sperm of a single ejaculate as they pass single file through the machine's DNA detector.

Dr. Joseph Schulman, director of the Genetics & IVF Institute, said most of the couples wanted to choose their baby's sex for "family balancing." A

UN Arms Inspector Rebutts Ex-Aide

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Richard Butler, chief United Nations weapons inspector for Iraq, said Tuesday that he was disturbed by the Senate testimony of a former American inspector who resigned last month.

The inspector, Scott Ritter, said that the administration and the United Nations had been too conciliatory toward Iraq and had undermined the inspection system. In the chief inspector's first critical comments on Mr. Ritter's statements since he resigned on Aug. 26, Mr. Butler said in an interview that Mr. Ritter's testimony was

often inaccurate in chronology and detail and had damaged the commission.

Mr. Butler said that Mr. Ritter had also inflated his role and made misleading statements about Mr. Butler's dealings with Security Council officials, and particularly with Secretary of State Madeleine Albright.

Mr. Butler spoke as the council appeared to be near agreement on an U.S.-sponsored resolution to keep sanctions on Iraq indefinitely, without hope of a review, until Baghdad reverses its decision of Aug. 5 to end intrusive searches for arms, weapons parts and documents.

Achieving the unanimity of the council for the resolution "is not going to be

an extremely difficult process," said the council president for September, Hans Dahlgren of Sweden. This is expected to be a critical month for American and other diplomats as they try to rebuild a shattered consensus for stronger action against Iraq if all else fails. Some diplomats have begun to talk of possible military action, but the council is a long way from that moment.

In that context, the U.S. policy has been to avoid frequent confrontations with Iraq, which has for the last year gained something from each periodic blowup, and choose instead a solid front of resistance when diplomatic efforts have run their course.

Against that background, Mr. Butler said that Mr. Ritter's portrayal of the UN Special Commission was rife with misconceptions.

In interviews and at a Senate hearing last week, Mr. Ritter said the administration, the Security Council and Secretary-General Kofi Annan had undermined the efforts of the commission to find and destroy Iraq's clandestine biological, chemical, nuclear and certain prohibited missile systems.

Albright Hits Back at Critics

Madeline Albright on Wednesday fired back at critics who have said U.S. policy on Iraq has weakened, insisting that America stands ready to use force against Baghdad if necessary, Reuters reported from Washington.

"We have not taken any option off the table, including military force," Mrs. Albright said in a speech to American war veterans in New Orleans. "The bottom line is that if Iraq tries to break out of its strategic box, our response will be strong and swift."

The Clinton administration, and Mrs. Albright in particular, has been faulted relentlessly in recent weeks by Mr. Ritter.

The case made by Mr. Ritter has been used by senators and editorial writers to fault administration policy on Iraq and elsewhere and to question Mrs. Albright's credibility. Her speech, to the annual American Legion Convention, was her most sustained rebuttal so far.

She said that in recent weeks some in Washington had suggested that the United States had not done enough to support the UN inspectors. It had even been suggested that they had tried to prevent them from doing their job.

Mrs. Albright added, "The critics are sincere. We are, after all, on the same side. But they are sincerely wrong when they blame America for the world's failure to uncover the full truth about Iraq's weapons of mass destruction program."

the United States increased its contributions back to about \$100 million.

UN sources said Mr. Speth, a senior environmental official in the administration of former President Jimmy Carter and a close ally of Vice President Al Gore, recently made known his plans to leave next spring.

His impending departure has rekindled West European interest in trying to take over the development post, and two countries — Denmark and Norway — reportedly have indicated that they have potential candidates.

The decision would be made by the secretary general, who appoints department chiefs and the heads of certain aid agencies funded by voluntary contributions from wealthier member states.

Currently, three of the four development agencies are led by Americans: Mr. Speth, Carol Bellamy at the UN Children's Fund, and Catherine Bertini at the Rome-based World Food Program.

Of the three, Mr. Speth's position is regarded as the most important. When Secretary-General Kofi Annan reorganized the UN system last year, he initially sought to give it first-among-equals status with a measure of control over the other agencies. That plan was defeated after a ferocious counterattack by Mr. Bellamy, but Mr. Speth is still regarded as the senior person in the aid structure.

The Clinton administration would thus be likely to stave off the expected European challenge by first finding a strong candidate to replace him.

BRIEFLY

U.S. Plays Down New Mideast Talks

JERUSALEM — U.S. officials dampened expectations of a swift breakthrough in Israeli-Palestinian peace talks as the envoy Dennis Ross arrived in the region Wednesday to try to bridge differences.

"There are so many issues out there that don't seem to have been resolved," one official said, citing gaps on security matters as one of the stumbling blocks to a deal on a long-overdue Israeli troop pullback from more of the West Bank.

Mr. Ross's mission, his first since May, follows 18 months of deadlock in a peace process launched five years ago with the signing in Washington of the Oslo interim accords between Israel and the Palestine Liberation Organization. (Reuters)

Food Shortages Loom in Kinshasa

KINSHASA, Congo — The threat of food shortages hung over this capital Wednesday amid the rebellion against President Laurent Kabila, but plans for emergency aid flights were delayed by fears that the aircraft could be shot down.

"The problem of food supplies

25 Drown in Chiapas

TUXTLA GUTIERREZ, Mexico — Six days of rain swelled rivers in the southern state of Chiapas, sweeping away houses, bridges and big trees. At least 25 people drowned and as many more were reported missing and feared dead. Another seven died in flash flooding in nearby Mexican states after heavy rains pounded the region.

Governor Roberto Albores Guillen of Chiapas declared a disaster zone along the Pacific coast Tuesday. He said at least 25,000 people in more than 50 towns and villages had been forced from their houses. (AP)

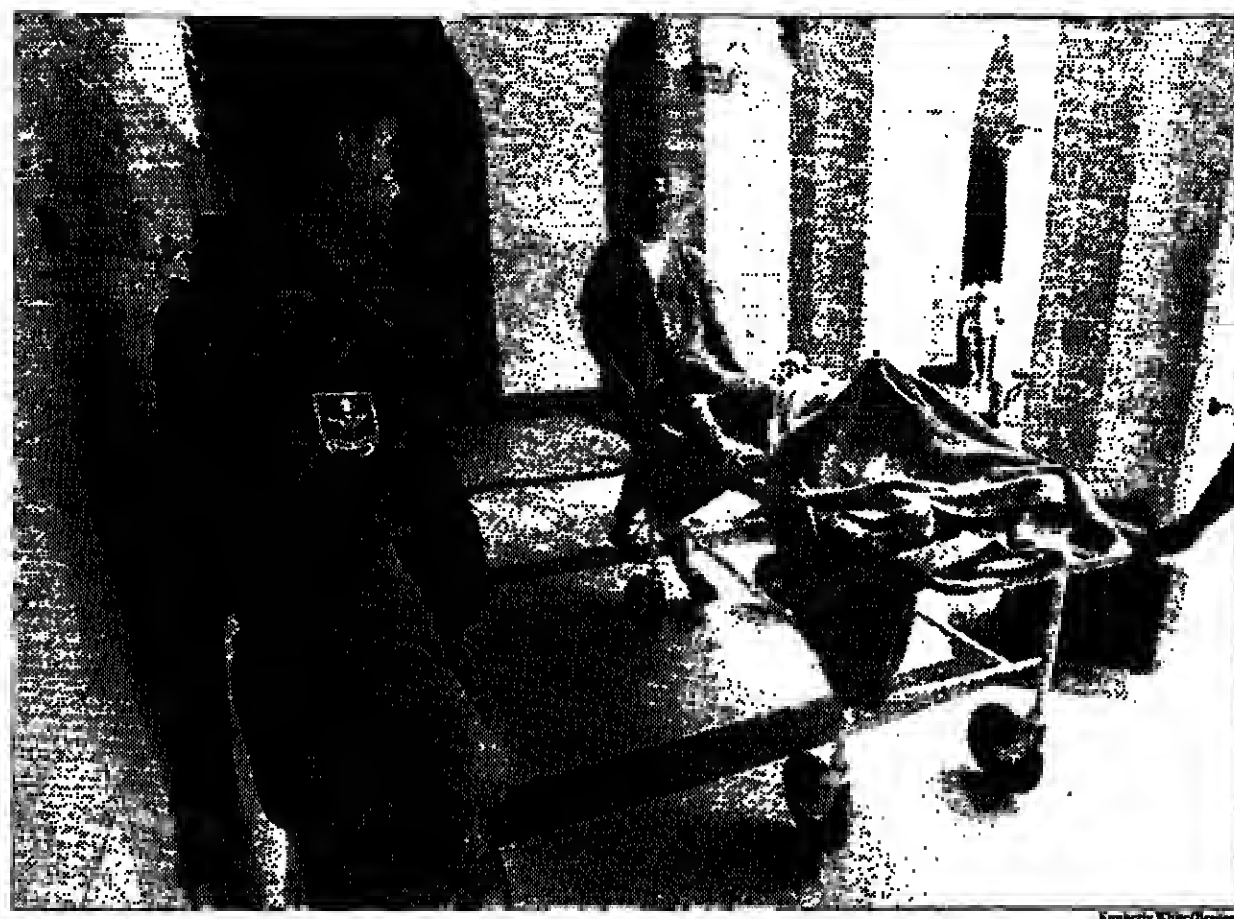
For the Record

A top Argentine journalist, Mariano Grondona, has accepted an invitation to visit from the elected council of the Falkland Islands, the British territory that bans all Argentines except for next-of-kin of soldiers who died in the 1982 war, the British Embassy in Buenos Aires said. The invitation precedes a visit to London by President Carlos Saul Menem. (Reuters)

سكنا من الاجل

Singapore Feels the Pain Of Malaysia's Money Rules

Bloomberg News
SINGAPORE — When Prime Minister Mahathir bin Mohamad of Malaysia dropped his bombshell last week and withdrew his country's currency and stocks from international trading, he made it clear that he had speculators in his sights.
Neighboring Singapore, however, has caught much of the shrapnel.
Before Mr. Mahathir unveiled the capital controls, about \$9.5 billion, or 7 percent, of daily currency transactions in Singapore were in Malaysian ringgit. They have evaporated. One-quarter of stock trading in Singapore was in Malaysian shares. On Monday, when the Malaysian rules took effect, that will be history.
The impact of the measures on Singapore — the world's fourth-largest currency trading center — can be summed up as an unalloyed blow. While the island state can now claim to be the undisputed financial center of Southeast Asia, it is a region fast becoming a fading blip on many foreign investors' radar screens.
"Malaysia is a closed market. Indonesia is dead and Thailand may not recover," said Loh Kim Guan, a dealer at Kay Hian Pte., a local brokerage. "It's very possible that funds will move out of this region, and it's very, very possible that we're out of a job."
Those in the immediate firing line are currency dealers, settlement clerks and fund managers.
Mr. Mahathir said he took the moves because conventional high-interest rate policies advocated by bodies like the International Monetary Fund as a way of protecting his country's currency had only shriveled credit and hurt businesses, accelerating Malaysia's slide into its first recession in 13 years.
Malaysia, like IMF wards Thailand and Indonesia, has seen its currency lose as much as 40 percent of its value against the U.S. dollar in the last year as a currency and debt crisis engulfed Asia.
Among the measures introduced by Malaysia was a ban on ringgit transfers between external accounts, a currency peg fixing the ringgit at 38 to the dollar; an end to foreign trading in Malaysian stocks and a rule forcing sellers of Malaysian stocks to hold the ringgit proceeds for a year.
The controls hurt Singapore on several fronts. As of March 1997, Singapore



Venezuelan soldiers overseeing a hospital where the staff is on strike. Low oil prices are crippling the economy.

Venezuela's Economic Quagmire Plunge in Oil Prices Brings a Booming Country to Edge of Recession

**By Serge F. Kovaleski
Washington Post Staff Writer**
CARACAS, Venezuela — When worldwide oil prices crashed earlier this year, so did Raul Gonzalez. As the petroleum-dependent economy in Venezuela started to sputter, the 29-year-old father of two was laid off from his coveted \$14-a-day job at a General Motors assembly plant in the town of Valencia near here, along with 1,200 other workers.
Today Mr. Gonzalez works alone on the teeming downtown streets of the Venezuelan capital, hawking cigarettes, cheap sunglasses and car floor mats to support his family.
"This whole thing has been like being shot and not wearing a bulletproof vest," Mr. Gonzalez said. "When oil died, everything in Venezuela went with it in a free fall; including myself and my wife and young children, unfortunately."
As crude oil prices boomer at their lowest point in more than a decade, the fourth-largest economy in Latin America is stumbling badly. The sudden

German Growth Ebbs Amid Global Worries France and Italy Also Cut Forecasts for 1999

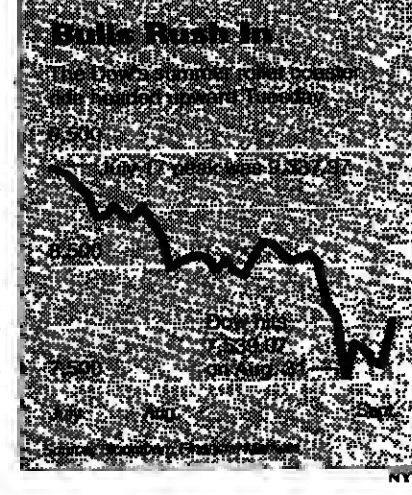
**By John Schmid
International Herald Tribune**
FRANKFURT — The German economy stagnated in the second quarter, the government said Wednesday, suggesting that global uncertainties have started to weigh on the biggest economy in Europe.
France and Italy, the second- and third-largest economies in the 11-nation bloc introducing the single European currency next year, separately shaved their growth forecasts.
The slowdowns in the three countries, which together make up more than two-thirds of the "eurozone" economy, "fit the pattern of slower-than-expected world growth for 1999," said Hans-Juergen Meltzer, an economist in Frankfurt with Deutsche Bank AG. He said the bank would probably downgrade its growth forecast for Germany for next year.
In Germany, the anchor economy for the new currency, quarter-to-quarter growth slowed sharply, to 0.1 percent, in the second quarter, a rapid deceleration from 1.4 percent in the first three months of the year, the Federal Statistics Office reported. Measured against the corresponding period a year earlier, growth in gross domestic product in the second quarter slowed to 1.7 percent after a buoyant 4.3 percent year-on-year expansion in the first quarter.
Though a slowdown was expected after the surprisingly strong growth of the first quarter, there were surprises as economists combed through the report, unearthing worrisome signs pointing to slower growth.
The nation's legendary export engine has slowed as a reflection of the recessions in Asia, a trend that economists expect to continue into next year.
Consumer spending, a vital stimulus that many hoped would compensate for the loss of export fizzle, fell 0.7 percent in the second quarter.
"Consumption is relatively weak for the first half," said Thomas Mayer, an economist in Frankfurt at Goldman, Sachs & Co.
Plant and equipment spending was also negative. Perhaps most troubling, economists said, was a sudden accumulation of company inventories, a warning that firms will cut output until their stocks have fallen.
"That does not bode well for GDP growth for the full year," said Joachim Fels, London-based economist at Morgan Stanley.
Economists expect German exports to continue to erode in coming quarters as Asia remains weak and business in Russia and Central and Eastern Europe wanes. And that, economists say, will contribute to the expected slowdown in German output next year.
Mr. Fels downgraded his outlook for the 1999 growth rate to 1.5 percent from 2.2 percent. Deutsche Bank will probably lower its 1999 outlook to 2.5 percent or less from its previous forecast of 3 percent, Mr. Meltzer said.
Economists Minister Guenter Rexrodt said he expected this year's growth to meet the government forecast of 2.9 percent. Economists agree that a rate over 2.5 percent is virtually assured for the full year because of the "big bang" first quarter, which was so powerful that the economy could stagnate throughout the second half and still reach 2.5 percent.
A recession in Germany or Europe remains unlikely in the near term, economists said, as long as Asia resists a new downward spiral or a new round of currency devaluations.
The Asian and Russian economic troubles were cited in Rome on Wednesday by Prime Minister Romano

Russia Crisis Set to Erase EBRD's Net For 1st Half

Reuters
LONDON — The European Bank for Reconstruction and Development said Wednesday that Russia's financial crisis would lead to steep losses, wiping out profit made in the first half of the year.
The bank, the agency charged with helping to rebuild Eastern Europe in the post-Soviet era, said it was likely to show some 150 million Euros (\$170.4 million) of losses in the nine months through the end of September, and full-year results could also be in the red.
Created in 1991 and owned by 60 governments and government-owned institutions, the bank has made profits after loan-loss provisions for five years running before this year's economic turmoil.
Along with many commercial banks, the European Bank for Reconstruction and Development has also been swept up by the crisis in Russia because it now has to put funds aside to cover the risk that some of the loans it has made might not be repaid.
The bank's results for the first six months of 1998 showed net profit after provisions of 29 million Euros, up from 13 million in the same period a year before.
Steven Kaempfer, the bank's vice-president for finance, said that as of July 31 the bank had made 541 million Euros of provisions to cover its portfolio risks, or more than 10 percent of disbursed loans and investments. Of that, 171 million Euros related to Russia.
"In keeping with the EBRD's conservative provisioning policy, we anticipate additional provisions in the third quarter to reflect an initial risk assessment of recent events in Russia," Mr. Kaempfer said.
"While it is clearly premature to make an assessment of the bank's results for the year as a whole, these are now likely to show a loss, following five years during which the bank earned a net profit after provisions," he said.
The bank's first-half results do not reflect the full impact of Russia's economic meltdown, which did not start in earnest until the middle of August.

As Wall Street Frets, Greenspan's Magnetism Grows

**By Gretchen Morgenson
New York Times Staff Writer**
NEW YORK — Although there are many players on the stock market stage, the limelight unquestionably belongs to Alan Greenspan, chairman of the U.S. Federal Reserve Board.
In a speech before students at the University of California at Berkeley on Friday, Mr. Greenspan suggested that the Fed might cut interest rates if the financial crisis that has humbled Asia and Russia and now threatens Latin America worsens.
Investors have come to believe, although it is not always so, that falling interest rates inevitably push stock prices higher. Many of these believers stampeded into stocks Tuesday, pushing the Dow Jones industrial average to its biggest one-day gain in history in terms of points.
But traders gave other reasons for Tuesday's manic move in stocks, all having more to do with psychology than with economics. For example, U.S. investors seemed to return from their Labor Day weekend thinking that the unrelenting selling of the past two weeks had taken stocks to levels that even Chicken Little would consider overdue. It was time to hunt around for bargains. Investors may also have done a little



France Urged To Privatize Aviation Firms

Reuters
FARNBOROUGH, England — The British defense secretary, George Robertson, on Wednesday urged France to privatize the entire aviation industry so that a united Europe could take on the U.S. giants.
In a move toward greater integration of the defense and aerospace industry in Europe, Mr. Robertson joined France, Italy and Germany in signing an arms procurement treaty on defense joint ventures.
Mr. Robertson, attending an international air show in Farnborough, praised the export chances of the Eurofighter, the combat jet built by Britain, Germany, Italy and Spain.
He and his fellow ministers agreed this year that European industry must integrate if it has any chance of fighting against U.S. competition.
"I want the French to be part of any future consolidation, and we have all made it clear that can only take place if it is on the basis of private ownership," he said.
He said he was encouraged because France has taken "huge leaps" in the last year toward this goal.

CURRENCY & INTEREST RATES

Cross Rates		F.R.	U.S.	D.R.	S.F.	S.F.	Yen	CS	Pounds
Australia	1.0400	1.2360	1.2360	82.55	81.04	5.01	1.2360	1.2360	1.2360
Canada	0.7000	0.8500	1.1500	28.12	28.12	5.01	0.8500	0.8500	0.8500
Denmark	6.4600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
France	16.6500	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Germany	16.6500	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Italy	1936.2600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Japan	109.0000	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
UK	0.6460	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Switzerland	0.7030	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Sweden	8.4600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Spain	166.3600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
South Africa	13.2600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
South Korea	106.7600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Taiwan	193.6600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
Thailand	35.4600	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370
US Dollar	1.0000	1.2370	1.2370	1.2370	1.2370	5.01	1.2370	1.2370	1.2370

Libid-Libor Rates		Suisse	Sterling	French	Yen	ECU
1-month	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00

Key Money Rates		Today	Prev	Rate	7 1/2	10 1/2
Discount rate	5.00	5.00	5.00	5.00	5.00	5.00
Prime rate	5.00	5.00	5.00	5.00	5.00	5.00
1-month CD (bank)	5.00	5.00	5.00	5.00	5.00	5.00
3-month CD (bank)	5.00	5.00	5.00	5.00	5.00	5.00
6-month CD (bank)	5.00	5.00	5.00	5.00	5.00	5.00
90-day CD (bank)	5.00	5.00	5.00	5.00	5.00	5.00
180-day CD (bank)	5.00	5.00	5.00	5.00	5.00	5.00
3-month T-Bill	4.25	4.25	4.25	4.25	4.25	4.25
1-year T-Bill	4.25	4.25	4.25	4.25	4.25	4.25
3-month T-note	100-00	100-00	100-00	100-00	100-00	100-00
1-year T-note	114-00	114-00	114-00	114-00	114-00	114-00
10-year T-note	100-10	100-10	100-10	100-10	100-10	100-10
30-year T-bond	100-10	100-10	100-10	100-10	100-10	100-10

Other Dollar Values		Per \$	Per £	Per S	Per ¥	Per ₪	Per ₪	Per ₪	Per ₪
Canada	0.7000	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Denmark	6.4600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
France	16.6500	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Germany	16.6500	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Italy	1936.2600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Japan	109.0000	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
UK	0.6460	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Switzerland	0.7030	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Sweden	8.4600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Spain	166.3600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
South Africa	13.2600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
South Korea	106.7600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Taiwan	193.6600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Thailand	35.4600	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
US Dollar	1.0000	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370

Forward Rates		30-day	60-day	90-day	120-day	150-day	180-day	210-day	240-day
Canada	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370	1.2370
Denmark	6.4600	6.4600	6.4600	6.4600	6.4600	6.4600	6.4600	6.4600	6.4600
France	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500
Germany	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500	16.6500
Italy	1936.2600	1936.2600	1936.2600	1936.2600	1936.2600	1936.2600	1936.2600	1936.2600	1936.2600
Japan	109.0000	109.0000	109.0000	109.0000	109.0000	109.0000	109.0000	109.0000	109.0000
UK	0.6460	0.6460	0.6460	0.6460	0.6460	0.6460	0.6460	0.6460	0.6460
Switzerland	0.7030	0.7030	0.7030	0.7030	0.7030	0.7030	0.7030	0.7030	0.7030
Sweden	8.4600	8.4600	8.4600	8.4600	8.4600	8.4600	8.4600	8.4600	8.4600
Spain	166.3600	166.3600	166.3600	166.3600	166.3600	166.3600	166.3600	166.3600	166.3600
South Africa	13.2600	13.2600	13.2600	13.2600	13.2600	13.2600	13.2600	13.2600	13.2600
South Korea	106.7600	106.7600	106.7600	106.7600	106.7600	106.7600	106.7600	106.7600	106.7600
Taiwan	193.6600	193.6600	193.6600	193.6600	193.6600	193.6600	193.6600	193.6600	193.6600
Thailand	35.4600	35.4600	35.4600	35.4600	35.4600	35.4600	35.4600	35.4600	35.4600
US Dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

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EUROPE

LucasVarity to Shift Headquarters to U.S.

Compiled by Our Staff From Dispatches
LONDON — LucasVarity PLC will reorganize as a U.S.-based company, and exchange current shares for new shares in the company, in an effort to move closer to its principal customers and investors, the company said Wednesday.

The world's second-biggest maker of automotive brakes, cur-

rently based in London, will shift its headquarters to Buffalo, New York, and seek to list its shares on the New York Stock Exchange. Shareholders will receive one share in the reconstituted company for every 10 ordinary shares. Holders of American depositary receipts will receive one new share for each ADR, which represents 10 ordinary shares.

The changes are the latest in efforts to focus on the company's most profitable businesses, following the shedding of the company's diesel engine unit and its smelting of as much as £1 billion (\$1.66 billion) for acquisitions. In Buffalo, LucasVarity, which was formed by the 1996 merger of Varity Corp. and Lucas Industries PLC, will be closer to its biggest customer, Detroit-based General Motors Corp.

The move "will enable us to keep on an equal footing with our peer group," Chief Executive Officer Rice said. LucasVarity did not say how much money it expected to save, although it said it did not expect the move to cost jobs in Britain or the United States. The company has about 56,000 workers worldwide.

LucasVarity said the move reflects its growing number of U.S. investors. They make up nearly half of all shareholders, up from 33 percent, while the number of British shareholders has declined to 47 percent from 63 percent.

The United States also is home to the world's largest auto market, with 15 million car and truck sales annually, and the world's two biggest automakers, GM and Ford Motor Co. GM is responsible for about 25 percent of LucasVarity's brake sales.

Also on Wednesday, LucasVarity said its first-half pretax profit rose 34 percent, excluding exceptional items, to £165 million, from the year-earlier period. The company took a one-time charge of £18 million related to a unit sale in the second quarter.

The company benefited from strong U.S. demand for vehicles that use its brakes, higher aerospace sales and lower interest expenses. That offset a strike at GM, which cost LucasVarity £11 million in lost parts production in the second quarter.

Sales rose 8 percent to £2.2 billion. LucasVarity's shares finished 2 pence higher at 211 pence.

(Bloomberg, Reuters, AP)

CS's Profit Climbs but Stock Falls

The Associated Press
ZURICH — Credit Suisse Group said Wednesday that its net profit rose 36 percent, to 2.4 billion Swiss francs (\$1.69 billion), during the first half of this year.

But the company's stock price plunged, falling 13 percent, after the banking giant warned of further problems in emerging markets.

Credit Suisse said global financial turmoil, most notably in Russia, would affect its operating results in the second half. But Lukas Muehleemann, the chief executive, said Credit Suisse had no plans to withdraw from Russia or other countries experiencing economic problems.

"Russia and other emerging markets do have long-term potential and we do not want to pull out completely from these markets," he said.

The increase in first-half profit, which was bigger than expected, was driven by higher commission and service fees, trading and interest income.

Mr. Muehleemann said that the Credit Suisse First Boston investment banking business was the only part of the company affected by the crisis in emerging markets and that it had been reducing its exposure.

Credit Suisse shares closed at 212 francs, down 32 francs.

Cellular Firms Play Their Cards

Bloomberg News

MILAN — For Esterella Lanza, the decision was simple. She used to pay about \$25 a month for a base subscription and calls on her mobile phone through Omnitel Pronto Italia SpA. Five months ago, the graphic designer canceled the contract and bought a prepaid Omnitel cellular card for \$58. She still has credit on the card.

"For someone who doesn't talk a lot, the difference in cost is tremendous," she said. "I don't have to worry about monthly fixed charges, and I know exactly how much money I'm spending."

But prepaid cards are proving to be a mixed blessing for Europe's cellular phone service companies because the cards, which are inserted in mobile phones, are attracting cost-conscious clients.

"Operators have reached a new target group, low-consumption customers who previously couldn't afford a mobile phone," said Annika Jägerskiöld, an analyst at Seleno, a Swedish market researcher. Telecom Italia Mobile SpA of Italy, Europe's largest mobile phone company, pioneered the supply of prepaid cards in October 1996. Now, almost half of its 12 million customers use them.

Europoint AB of Sweden, which offers the cards in a country with mobile phone penetration of 45 percent, saw profit rise in the second quarter from the first. At the same time, analysts say, companies in countries with low

penetration levels are suffering as the prepaid plans cannibalize more profitable conventional contracts.

Telecel SA, Portugal's second-largest mobile phone company, saw new users rise 16 percent in the second quarter from the first. Still, profit fell as prepaid plans pulled down average monthly user income.

At Telecom's main competitor, Portugal Telecom SA's TMN unit, prepaid cards pulled per-user in-

come to 2 percent.

Portugal is a startling example that prepaid cards can lead to a very strong erosion in usage per customer, said James Enck, an analyst at Nikko Securities in London. Tele Danmark AS is equally skeptical.

"We'll launch the product, although we primarily go for growth that is profitable," Tele Danmark's chief executive, Hans Munk Nielsen, said last month. Still, average income per subscriber is not hit as hard in more developed markets where "the

benefit of prepaid plans was to help penetrate marginal groups that wouldn't otherwise use a mobile phone," Mr. Enck said.

Devin Brougham, chief financial officer of Europoint, said last month that costs per prepaid user in Sweden were lower than for subscription holders, widening profit margins, because the operator does not have to subsidize handsets for prepaid customers.

Ulf Hellsten, an analyst at Svedbank Markets, estimates that the pretax margin for a card customer in Sweden exceeds the 30 percent margin for a subscription holder.

"Prepaid card holders call less than traditional subscribers and once they've called up the card, they might not renew it," he said. "Still, marketing and administration costs are lower, and profitability is higher in the short term."

Other companies for whom the prepaid clients' cost-consciousness could be a cause for concern include the world's top three mobile phone makers: Motorola Inc., Nokia Oy and LM Ericsson AB. Although Ericsson last month raised its forecast for global cellular phones sold through 2000 by 10 percent because of strong demand for prepaid services, this does not necessarily mean higher profit.

"Prepaid cards are typically sold with low-end phones, which means lower margins" for the phone makers, said Henrik Soederberg, an analyst at Hagstromer & Qviberg.

Peugeot's Net Surges Amid Rosy Outlook

Compiled by Our Staff From Dispatches

PARIS — PSA Peugeot Citroën SA reported a sharp rise in first-half profit on Wednesday and said it expected to surpass its targets for the year, fueling a rise in its shares.

Net profit rose to 2.22 billion francs (\$383.1 million) from a revised 503 million francs for the first six months of 1997. Operating income rose to 4.48 billion francs from 782 million as its core car-making business returned to profit after posting a loss last year.

Sales rose 23 percent, to 116,041 billion francs, or 15.2 percent after

the cost of the acquisition of Bertrand Faure SA, a parts manufacturer. Two thirds of sales were achieved abroad.

Peugeot said the rise in profit reflected increased vehicle sales in European markets and cost reductions. Vehicle sales rose 6 percent to 1.158 million units.

Peugeot said it expected to significantly exceed the objectives it had set for 1998. The company had previously said it expected operating income to reach 5 billion francs for the year.

Peugeot's shares closed at 1,000

francs, up 29 francs, or 2.99 percent.

"PSA Peugeot Citroën's good results in the first half are linked to the favorable evolution of European car markets, up 7.6 percent, and also reflect efforts to implement new priorities outlined at the start of the year," the company said.

It added that it expected the European car market to expand 3 percent this year. The improved environment, Peugeot said, "should allow the group to reinforce its market share in Europe and pursue steady growth of global sales."

(Reuters, AFP)

Investor's Europe

Exchange	Index	Wednesday Close	Previous Close	Change
Amsterdam	AEX	1,876.50	1,865.50	+1.00
Brussels	BEL-20	3,305.75	3,304.25	+1.50
Frankfurt	DAX	5,080.87	5,103.84	-22.97
Copenhagen	Stock Market	858.52	854.87	+3.65
Helsinki	HEX General	4,548.89	4,550.55	-1.66
London	FTSE 100	5,511.30	5,544.20	-32.90
Lisbon	Stock Exchange	767.08	771.08	-4.00
Madrid	IBEX 35	2,926.25	2,916.45	+9.80
Paris	CAC 40	3,792.73	3,803.74	-11.01
Stockholm	OMX 16	3,828.17	3,718.95	+109.22
Vienna	ATX	1,208.20	1,207.51	+0.69
Zurich	SPI	4,276.80	4,269.45	+7.35

Source: Reuters International Herald Tribune

Very briefly:

- Ireland wants to sell a minority stake in Aer Lingus PLC, Europe's 10th-largest airline, preferably to a U.S. airline, which would make it easier for the carrier to forge international alliances and help the government cut debt.
- The jobless rate in the 11 countries slated for Europe's common currency fell to 11.1 percent in July from 11.2 percent in June, a sign that faster growth has prompted more hiring.
- Denmark's 1998 current account seems to be heading for its first deficit since 1989, when it recorded a gap of 8.1 billion kroner (\$1.23 billion).
- Russia should postpone the sale of a 75 percent stake in oil producer RAO Rosneft for at least a year because the plunge in the ruble has slashed its value, said Viktor Or, the deputy fuel and energy minister.
- ABB Asea Brown Boveri Ltd., the Swiss-Swedish engineering group, will reduce its operations in Russia as a result of the economic and financial crisis in the country.
- Banque Nationale de Paris will buy 60 percent of the Norwegian brokerage Norse Securities ASA in a move to anchor itself in the Nordic region.
- Iveco SpA, Fiat SpA's commercial vehicles unit and Italy's largest truckmaker, plans to split into engine and truck units to better face increasing global competition.
- Koinkiljke Groelch NV, the Dutch brewer, said its net profit in the first half of 1998 was unchanged at 17.8 million guilders (\$9.1 million) as higher costs and sluggish sales at home offset increased revenue from exports.
- Seita, the French maker of Gauloises and Gitanes cigarettes, said its net attributable profit for the first six months rose 19.5 percent to 425 million French francs (\$73.25 million) and it cited a rise in sales volume.

(Bloomberg, Reuters, AFP, AP)

WORLD STOCK MARKETS

Wednesday, Sept. 9

Daily prices in local currencies.

High Low Close Prev.

Amsterdam

ABN-AMRO

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High Low Close Prev.

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Feeling the Pine

2 Month High Low Stock (yr Ytd PE 100% High Low latest Close

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Malaysia Eases Car In Move to Lift La

James H. Hunt, Jr., Governor of North Carolina, is the author of *My Life*, published by Simon & Schuster, New York, 1991, \$24.95.

NEZU I. A.: 09-04-1978

SINGAPORE : *Malay Mail*

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ASIA/PACIFIC

Feeling the Pinch From a Weakened Ruble - in Beijing

By Elisabeth Rosenthal
New York Times Service

BEIJING — Normally the Yabao Road market here is a bustling place, with more than 2,000 stalls crammed full of gaudy fur coats, bejeweled, fuzzy sweaters, lavish blond wigs and formidable lacy bras — reflecting the latest fashion trends out of Beijing but of Moscow.

Here, throngs of independent Russian traders buy cheap Chinese goods in bulk for sale back home, providing a brisk business for the market's Chinese stall owners, many former government employees who have gone into business for themselves.

But the plunge in the ruble over the last two weeks has transformed

this once-prosperous market into something of a ghost town. The Russians can no longer afford to buy here. So, on a steamy summer day, on the block that begins at the Moscow Restaurant, the only residents of the vast outdoor market are anxious store owners, drawing on cigarettes or playing chess, and idle freight company employees watching television and playing cards.

Business is off by 80 or 90 percent, they say, now that the Russians are gone.

The money I've made in the last two weeks is not enough for food, let alone the rent," said Lin Zhangguo, 22, looking up from a newspaper in a room full of furs. "All our business is from Russia, so we are finished if the ruble doesn't rebound."

Business at wholesale markets like Yabao Road is conducted in U.S. dollars. And, with the ruble worth a third of what it was a month ago, Russians do not have dollars to spend.

The Yabao Road market, also known as the Russian market, is one small piece in what has been a thriving trade between Russia and China, sustaining thousands of businesses small and large, private and public in both countries.

Last year the official value of China's trade with Russia was \$6.2 billion, including \$2 billion in exports from China, mostly textiles, food and garments, said Lu Nankun, vice director of the Center for Russian Studies at the Chinese Academy of Social Science.

But he said that statistic did not include the unofficial export trade from places like Yabao Road. Officially, the Russians who buy thousands of wigs and coats are not businessmen, but tourists or *dao ye*.

a derogatory term for itinerant traders who wander from place to place selling wares.

This unofficial trade is estimated to be worth \$3 billion annually, Mr. Lu said, adding, "The devaluation of the ruble will definitely affect China's exports this year."

Overall, the ruble's nose dive is not nearly as troubling for China as the weakness in the Japanese yen, said Li Guobin, an economist at the State Information Center, which is associated with China's State Planning Commission.

While a falling ruble means that Russians buy fewer Chinese goods, it also means that China can buy less expensive cement and power-station parts, for example, from Russia. "For China, there are good and bad things about the ruble's devaluation," he said.

But the last two weeks have been a disaster for thousands of small-business owners who have left the

security of state-owned enterprises to live or die financially by Russian trade. A number of stalls have closed temporarily. Hotels, restaurants and other businesses that cater to the traders are hurting too.

As Westerners walk down the market aisles, bored vendors sitting on small wooden stools look up hopefully from Nintendo games. "Are you Russian?" they ask.

In a small store that sells Chicago Bulls hats, Zhao Xianhan now drinks tea and plays solitaire. Mr. Zhao, who came here two years ago from rural Hebei, shares the stall with a woman who sells hairpieces and wigs, but nothing much is selling now — only an occasional Afghan or Romanian customer wanders in.

Mr. Zhao said that he used to make a profit of about 20,000 yuan (\$2,400) a year, roughly double the average income for Beijing. But he and his wife can no longer send money home to his parents and to their child — they cannot even afford their rent.

"When the season is good we sell thousands of hats a day, but there are few customers now," he said.

Business is off 80 or 90 percent at a market for goods aimed at Russia.

Matsushita to End U.S. Chip Production

Compiled by Our Staff From Dispatches

TOKYO — Matsushita Electric Industrial Co. said Wednesday that it would close down its computer chipmaking operations in the United States by the end of the year because of the collapse in microchip prices.

The move will affect about 340 employees at Matsushita Semiconductor Corp.'s factory in Puyallup, Washington, Matsushita Electric said.

The decision was made in view of the increased difficulty in continuing operations due to the effects of changing semiconductor conditions," the company said.

It blamed the collapse in prices for dynamic random-access memory, or D-RAM, chips.

Matsushita Semiconductor is an affiliate of the larger, Osaka-based Matsushita Electric Industrial. Matsushita markets products under the Panasonic, Quasar, National and Technics brand names.

The decision to shutter the American semiconductor factory followed similar moves to withdraw from U.S.-based chip production by rivals Hitachi Ltd. and Mitsubishi Electric Corp.

All three Japanese electronics

makers have been hit hard by a global glut in computer memory chips that has pushed down prices and eroded profits.

The Puyallup facility was set up in 1991 and had primarily manufactured 4-megabit D-RAM chips, Japan's Kyodo News reported.

Since February last year, largely because of massive oversupply, the price of 64-megabit D-RAMs has collapsed to \$10 from \$60, barely above the cost of production.

Matsushita share prices closed on Wednesday at 2,020 yen, down from 2,060 yen. (AP, AFP)

Fired Executive Sues Coke

Bloomberg News

SYDNEY — Coca-Cola Co. is facing rare scrutiny in Australia's courts where it is being sued for "unfairly" firing one of its most senior executives.

Norh Cole, former chief executive of Coca-Cola Amatil Ltd., the company's biggest bottler outside the United States, claims that interference from Coke and by the Australian unit's chairman, Dean Wills, left him unable to do his job.

Mr. Cole, 55, is seeking up to \$20 million in compensation for what his lawyers say was the "unfair, harsh and unconscionable conduct" of Coke and Coca-Cola Amatil when they fired him in February. Court papers detailing Mr. Cole's suit claim that Mr. Cole was not given a full opportunity to carry out his duties because of interference by Mr. Wills and by Coca-Cola Co.

Coke owns 43 percent of the Australian bottler. The dismissal of Mr. Cole coincided with a decision by the companies to restructure much of their European operations into a separate, publicly traded company, though Mr. Cole said that before he was dismissed, Coca-Cola Amatil over expressed dissatisfaction with his "performance or skills."

Malaysia Eases Credit In Move to Lift Lending

Compiled by Our Staff From Dispatches

KUALA LUMPUR — The central bank of Malaysia said Wednesday that it planned to halve its reserve requirement rate — the amount of money banks must keep with them — and said banks would have to step up growth in lending to an annual rate of 8 percent. Both measures are intended to ease credit as the government tries to pull the country out of its first recession in 43 years.

Funds freed up from the cut in the reserve rate will be used to buy bonds sold by Danamodal Nasional Bhd., a government agency charged

with attracting new capital for ailing banks.

The reserve requirement will be cut "at an appropriate time," said Ali Abul Hassan Sulaiman, making his first announcement as the new head of Bank Negara Malaysia, the central bank.

Mr. Ali, an ally of Prime Minister Mahathir bin Mohamad, was appointed this week after Mr. Ali's predecessor, Ahmad Mohd Don, quit over differences with Mr. Mahathir on the direction of interest rates. Mr. Mahathir has argued that high rates have choked off growth and accelerated the country's slide into recession.

The steps announced Wednesday are "exactly what you'd expect with Mahathir in charge," said Simon Mahadevan Pillai, an economist at Independent Economic Analysis Holdings, a research house. Last week Mr. Mahathir dismissed Anwar Ibrahim, the deputy prime minister and finance minister.

Bank Negara said it would cut reserve requirements by 2 percentage points, to 2 percent, its fifth cut since February, as it looks to provide banks with the ability to lend more. Earlier this week, the central bank cut the requirements to 4 percent from 6 percent.

Bank Negara said all banks must achieve a minimum annual growth in lending of 8 percent by the end of the year, more than double the current rate. (Bloomberg, AFP)

Taiwan-China Links Sought by Business

Agence France-Presse

TAIPEI — U.S. business executives here on Wednesday urged Taiwan to establish direct transport and communications links with its rival China.

"It's very important from the business perspective to have direct links with the mainland," said Jeffrey Williams, president of the American Chamber of Commerce.

Mr. Williams said the organization was also encouraging the Republic of China "to ensure that all international companies are allowed to participate in the transportation links."

VENEZUELA: Investors Worry About an Oil-Hooked Economy

Continued from Page 11

rid as investors worried that it might trigger a domino effect across Latin America.

In contrast to Chile, Argentina and Mexico, Venezuela has been slow to adopt economic reforms, analysts say.

It is believed to rely on oil for 60 percent of government income and 80 percent of export income, and it has been criticized for not moving more aggressively to diversify its economy against petroleum shocks through diversification.

"Countries like Mexico have been more defensive. Venezuela's strategy has been to delay difficult fiscal decisions in the hopes that the oil market

would recover," said Robert Berges, a Latin American strategist at Merrill Lynch & Co. "What they are trying to do now is find ways to finance their big fiscal deficit."

Antonio Herrera-Vaillante, vice president of the Venezuelan-American Chamber of Commerce, which represents 90 percent of foreign investment in this country, said: "This is the process emerging from a populist, socialist state where almost everything was subsidized by oil revenues. People had been protected by a petroleum cushion, and all of a sudden it is not a cushion but a little rag."

"Facing reality," he added, "has been one of the biggest problems for

Venezuela."

The government of President Rafael Caldera has been forced to tighten its belt severely as oil revenues have plunged 35 percent this year. To stanch a budget deficit estimated at 5 percent of gross domestic product, the administration has so far cut more than \$4 billion from public spending — a large part of it from the state oil company, Petroleos de Venezuela. Last week, Congress passed a battery of fast-track economic reforms that, among other things, will enable the government to issue up to \$1.4 billion in new debt to help cover the shortfall.

But critics contended that the reforms mostly address long-term issues and that there is little investor interest in purchasing debt from emerging markets. At the same time, administration officials acknowledged that the economic initiatives should have been implemented much earlier.

The government suffered a significant setback last week when its attempts to sell its money-losing aluminum production complex, valued at \$1.55 billion, unraveled for the third time when the only bidder pulled out of the process, citing instability in world financial markets.

Meanwhile, government officials said they have no plans to devalue the currency, the bolivar, which is considered to be anywhere from 40 percent to 60 percent overvalued, and that the country has about \$15 billion in international reserves that can be used to prop up the currency.

SINGAPORE: Malaysia's Rules Hurt

Continued from Page 11

was Malaysia's largest trading partner. In 1996, it was Malaysia's largest foreign direct investor. Singaporeans make up the largest group of visitors to Malaysia, and Malaysians are the third-largest group of visitors to Singapore.

This all added up to demand for ringgit and to Singapore dollar-ringgit cross trades.

Sani Hamid, an analyst at MMS International, a financial services unit of Standard & Poor's Corp., said that the effect on Singapore was likely to be

"more dealers and more settlement clerks looking for jobs as property agents and taxi drivers."

Not that these are secure jobs to hold either. Property sales slumped 43 percent last year, and taxi drivers are feeling the pinch as consumers rein in spending.

For Singapore, the Malaysian blow comes as the economy is slowing and apparently bound for its first recession in 14 years. For the first time in a decade, the country, with 3.5 million people, has more job seekers than jobs available, the Business Times reported Tuesday.

CROSSWORD

ACROSS

- In (undisturbed)
- Shrill
- Accommodation
- Impasse
- Ancestor of the Q'ero Indians
- Everybody's opposite
- Antidotes
- Punkie
- Fiddler on the Roof role
- Nicolas Cage co-star, 1995
- Kind of dairy
- Nightline name
- Hand off
- de León, Spain
- Each
- Direction at a scene's end
- Southern desert
- Rhine feeder
- Family card game
- column (building support)
- Tiny bankroll
- Animation frames
- Capitulate
- Heart of Paris
- Tomato
- Whatever
- Kicker's aid
- Nancy Harris's boy
- Narcissus's love
- Sam of "The Piano"
- They're usually not good with this
- Kind of column creature
- Quarter-deck?
- Playwright Connolly
- Not solid-colored
- He sang of Alice
- Stigmata
- Paradise Lost character
- Bill site
- Capone chaser
- Wreck
- Gov. promissory note
- Protonic gunfighter
- Typeface
- Community org.
- Exam for college
- Commonest
- Photo
- Its mouth is its biggest part

DOWN

- Fills up
- Prefix with -phile
- Address Shire
- 1964-65 World's Fair centerpiece
- Major-league
- Take over
- "Best of"
- Thirty days
- November
- Follow
- Protonic note
- Protonic gunfighter
- Typeface
- Community org.
- Exam for college
- Commonest
- Photo
- Its mouth is its biggest part

Solution to Puzzle of Sept. 9

DOWN: 1. Fills up, 2. Prefix with -phile, 3. Address Shire, 4. 1964-65 World's Fair centerpiece, 5. Major-league, 6. Take over, 7. "Best of", 8. Thirty days, 9. November, 10. Follow, 11. Protonic note, 12. Protonic gunfighter, 13. Typeface, 14. Community org., 15. Exam for college, 16. Commonest, 17. Photo, 18. Its mouth is its biggest part.

ACROSS: 1. In (undisturbed), 2. Shrill, 3. Accommodation, 4. Impasse, 5. Ancestor of the Q'ero Indians, 6. Everybody's opposite, 7. Antidotes, 8. Punkie, 9. Fiddler on the Roof role, 10. Nicolas Cage co-star, 1995, 11. Kind of dairy, 12. Nightline name, 13. Hand off, 14. de León, Spain, 15. Each, 16. Direction at a scene's end, 17. Southern desert, 18. Rhine feeder, 19. Family card game, 20. column (building support), 21. Tiny bankroll, 22. Animation frames, 23. Capitulate, 24. Heart of Paris, 25. Tomato, 26. Whatever, 27. Kicker's aid, 28. Nancy Harris's boy, 29. Narcissus's love, 30. Sam of "The Piano", 31. They're usually not good with this, 32. Kind of column creature, 33. Quarter-deck?, 34. Playwright Connolly, 35. Not solid-colored, 36. He sang of Alice, 37. Stigmata, 38. Paradise Lost character, 39. Bill site, 40. Capone chaser.

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Legrand

Half-year results

The board of directors, chaired by Mr. François Grappotte, met to review consolidated results for the first half of 1998.

Consolidated figures (FF. in millions)	1 st half 1998	1 st half 1997
Net sales	7,327	6,452
Operating income	1,192	993
Operating margin	16.3 %	15.4 %
Net income	629	517
Net margin	8.6 %	8.0 %

Strong sales growth resulted from a combination of factors:

- a healthy rise in business in France and, even more, on international markets, as product lines launched in the past two years gathered momentum. At constant structure and exchange rates, sales rose 6.4 % in the first half of 1998
- consolidation of recently acquired companies, in particular the emergency lighting division of URA Sait and US company Ortronics, specialized in providing hardware for VDI networks.

A further steep rise in profits and margins in the first half of the year testifies to Legrand's ability to successfully market its product range.

Full year, assuming no major upheavals in business or exchange rates on its main markets, the group expects to report a marked rise in profits.

FINANCIAL INFORMATION: Tel : (33) 1 49 72 53 53
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IGA, Boulevard Royal, LUXEMBOURG
R.C. Luxembourg B 53.392

NOTICE OF MEETING

The Board of Directors proposes to the shareholders of FMG MIR SICAV ("the Fund") to amend the Articles of Incorporation of the Fund ("the Articles") in order to introduce the fractional registered and bearer shares to one thousandth of a share.

In consequence the Article 5 will be amended and a draft of the coordinated Articles of Incorporation may be obtained upon request at the Fund's registered office.

For that purpose, the shareholders are hereby convened to an Extraordinary General Meeting to be held at the Fund's registered office at IGA, Boulevard Royal, Luxembourg.

on Wednesday September 23, 1998 at 14h00

The required quorum at the meeting is at least 50% of the shares outstanding in the Fund. In order to be carried, the resolution need to be approved by a majority of two thirds of those shares present or represented at the meeting. Each share carries one vote irrespective of its net asset value.

In order to attend the meeting or to be represented, the owners of bearer shares are required to deposit their shares five clear days prior to the date of the meeting at the Fund's registered office where proxy forms are available.

The prospect notice and a proxy form have been sent to all registered shareholders. The registered shareholders have to inform by mail (letter or proxy form) the Board of Directors of their intention to assist at the meeting in the same delay.

By order of the Board of Directors

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
12300	1700	16750
12600	1500	16000
9600	1300	15250
8400	1100	14500
7200	900	13750
6000	700	13000

Exchange Index Wednesday Prev. Close Close Change %

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
12300	1700	16750
12600	1500	16000
9600	1300	15250
8400	1100	14500
7200	900	13750
6000	700	13000

Source: Reuters International Herald Tribune

Very briefly:

- The International Monetary Fund will not allow Indonesia, which is required by the IMF to allow unfettered trading in its currency, to introduce capital controls like the ones adopted by Malaysia, said Hubert Neiss, the Fund's regional director.
- Japan has asked the World Trade Organization to set up a dispute-settlement panel to review a law passed by Massachusetts barring state contracts with companies that do business with Burma, Japanese officials said.
- Toyota Motor Corp. said it would spend up to 65 billion yen (\$491.7 million) to buy back up to 18 million of its shares, or 0.5 percent of its total shares issued.
- The Philippines activated a \$1.35 billion standby loan from the International Monetary Fund as revenue decreased.
- Indonesia said it would help speed talks between corporate debtors and their creditors. (AP, Reuters, Bloomberg)

China Data Show Slow Growth

Agence France-Presse

BEIJING — China's industrial output figures for the first eight months of the year were further evidence that the government's target of 8 percent growth was unlikely to be achieved, economists said Wednesday.

"It's not encouraging," said Charles Li, economist at Natwest Global Capital Markets in Beijing. "We are very doubtful that there is any significant improvement in production."

China's industrial output rose 7.9 percent in August compared with the year-earlier period and reached 158.2 billion yuan (\$19.11 billion), according to figures released by the State Statistics Bureau on Tuesday.

The growth rate for the first eight months of the year was 7.8 percent, down from 8.2 percent in the first quarter of 1998. It showed a downward trend through the year.

The August growth rate, depressed by massive flooding, was up 0.3 percentage point over July.

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NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar volume, updated twice a year.
The Associated Press.

Stock	High	Low	Open	Close	Volume
IBM	100 1/4	99 3/4	100 1/4	99 3/4	1,200,000
Microsoft	54 1/2	54 1/4	54 1/4	54 1/4	1,100,000
Amazon.com	34 1/2	34 1/4	34 1/4	34 1/4	1,000,000
Apple	40 1/2	40 1/4	40 1/4	40 1/4	900,000
Oracle	28 1/2	28 1/4	28 1/4	28 1/4	800,000
Yahoo	18 1/2	18 1/4	18 1/4	18 1/4	700,000
Google	12 1/2	12 1/4	12 1/4	12 1/4	600,000
Alibaba	8 1/2	8 1/4	8 1/4	8 1/4	500,000
Facebook	6 1/2	6 1/4	6 1/4	6 1/4	400,000
Twitter	4 1/2	4 1/4	4 1/4	4 1/4	300,000

Stock	High	Low	Open	Close	Volume
Netflix	24 1/2	24 1/4	24 1/4	24 1/4	200,000
Spotify	18 1/2	18 1/4	18 1/4	18 1/4	150,000
LinkedIn	14 1/2	14 1/4	14 1/4	14 1/4	100,000
Slack	10 1/2	10 1/4	10 1/4	10 1/4	80,000
Zoom	8 1/2	8 1/4	8 1/4	8 1/4	70,000
Dropbox	6 1/2	6 1/4	6 1/4	6 1/4	60,000
Evernote	4 1/2	4 1/4	4 1/4	4 1/4	50,000
Asana	3 1/2	3 1/4	3 1/4	3 1/4	40,000
Monday.com	2 1/2	2 1/4	2 1/4	2 1/4	30,000
Workday	1 1/2	1 1/4	1 1/4	1 1/4	20,000

Stock	High	Low	Open	Close	Volume
Twitter	4 1/2	4 1/4	4 1/4	4 1/4	300,000
Facebook	6 1/2	6 1/4	6 1/4	6 1/4	400,000
Alibaba	8 1/2	8 1/4	8 1/4	8 1/4	500,000
Google	12 1/2	12 1/4	12 1/4	12 1/4	600,000
Yahoo	18 1/2	18 1/4	18 1/4	18 1/4	700,000
Oracle	28 1/2	28 1/4	28 1/4	28 1/4	800,000
Apple	40 1/2	40 1/4	40 1/4	40 1/4	900,000
Microsoft	54 1/2	54 1/4	54 1/4	54 1/4	1,100,000
IBM	100 1/4	99 3/4	100 1/4	99 3/4	1,200,000

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Slack	10 1/2	10 1/4	10 1/4	10 1/4	80,000
Zoom	8 1/2	8 1/4	8 1/4	8 1/4	70,000
Dropbox	6 1/2	6 1/4	6 1/4	6 1/4	60,000
Evernote	4 1/2	4 1/4	4 1/4	4 1/4	50,000
Asana	3 1/2	3 1/4	3 1/4	3 1/4	40,000
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Apple	40 1/2	40 1/4	40 1/4	40 1/4	900,000
Microsoft	54 1/2	54 1/4	54 1/4	54 1/4	1,100,000
IBM	100 1/4	99 3/4	100 1/4	99 3/4	1,200,000

NYSE

Wednesday's 4 P.M. Close
(Continued)

Stock	High	Low	Open	Close	Volume
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Microsoft	54 1/2	54 1/4	54 1/4	54 1/4	1,100,000
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Stock	High	Low	Open	Close	Volume
Netflix	24 1/2	24 1/4	24 1/4	24 1/4	200,000
Spotify	18 1/2	18 1/4	18 1/4	18 1/4	150,000
LinkedIn	14 1/2	14 1/4	14 1/4	14 1/4	100,000
Slack	10 1/2	10 1/4	10 1/4	10 1/4	80,000
Zoom	8 1/2	8 1/4	8 1/4	8 1/4	70,000
Dropbox	6 1/2	6 1/4	6 1/4	6 1/4	60,000
Evernote	4 1/2	4 1/4	4 1/4	4 1/4	50,000
Asana	3 1/2	3 1/4	3 1/4	3 1/4	40,000
Monday.com	2 1/2	2 1/4	2 1/4	2 1/4	30,000
Workday	1 1/2	1 1/4	1 1/4	1 1/4	20,000

Stock	High	Low	Open	Close	Volume
Twitter	4 1/2	4 1/4	4 1/4	4 1/4	300,000
Facebook	6 1/2	6 1/4	6 1/4	6 1/4	400,000
Alibaba	8 1/2	8 1/4	8 1/4	8 1/4	500,000
Google	12 1/2	12 1/4	12 1/4	12 1/4	600,000
Yahoo	18 1/2	18 1/4	18 1/4	18 1/4	700,000
Oracle	28 1/2	28 1/4	28 1/4	28 1/4	800,000
Apple	40 1/2	40 1/4	40 1/4	40 1/4	900,000
Microsoft	54 1/2	54 1/4	54 1/4	54 1/4	1,100,000
IBM	100 1/4	99 3/4	100 1/4	99 3/4	1,200,000

Stock	High	Low	Open	Close	Volume
Netflix	24 1/2	24 1/4	24 1/4	24 1/4	200,000
Spotify	18 1/2	18 1/4	18 1/4	18 1/4	150,000
LinkedIn	14 1/2	14 1/4	14 1/4	14 1/4	100,000
Slack	10 1/2	10 1/4	10 1/4	10 1/4	80,000
Zoom	8 1/2	8 1/4	8 1/4	8 1/4	70,000
Dropbox	6 1/2	6 1/4	6 1/4	6 1/4	60,000
Evernote	4 1/2	4 1/4	4 1/4	4 1/4	50,000
Asana	3 1/2	3 1/4	3 1/4	3 1/4	40,000
Monday.com	2 1/2	2 1/4	2 1/4	2 1/4	30,000
Workday	1 1/2	1 1/4	1 1/4	1 1/4	20,000

Stock	High	Low	Open	Close	Volume
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Apple	40 1/2	40 1/4	40 1/4	40 1/4	900,000
Microsoft	54 1/2	54 1/4	54 1/4	54 1/4	1,100,000
IBM	100 1/4	99 3/4	100 1/4	99 3/4	1,200,000

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Slack	10 1/2	10 1/4	10 1/4	10 1/4	80,000
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Dropbox	6 1/2	6 1/4	6 1/4	6 1/4	60,000
Evernote	4 1/2	4 1/4	4 1/4	4 1/4	50,000
Asana	3 1/2	3 1/4	3 1/4	3 1/4	40,000
Monday.com	2 1/2	2 1/4	2 1/4	2 1/4	30,000
Workday	1 1/2	1 1/4	1 1/4	1 1/4	20,000

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Apple	40 1/2	40 1/4	40 1/4	40 1/4	900,000
Microsoft	54 1/2	54 1/4	54 1/4	54 1/4	1,100,000
IBM	100 1/4	99 3/4	100 1/4	99 3/4	1,200,000

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WORLD ROUNDUP

New German Coach

SOCCER Erich Ribbeck, the former Bayern Munich coach, on Wednesday got the job of restoring Germany's soccer glory when he was named national team chief.

The German soccer federation named Ribbeck, 61, to take over from Berti Vogts, who resigned Monday. His assistant will be the former international Uli Stielike, previously in charge of Germany's youth side. They will be responsible for the national team through the 2000 European Championship.

Ribbeck's appointment came as a surprise. His name had not been mentioned before as a possible candidate. The appointment ended a hectic 48 hours, during which several candidates had turned down the job for various reasons. (AP)

An Owner for the Browns

FOOTBALL Al Lerner, a credit card magnate who helped Art Modell move the old Cleveland Browns to Baltimore in 1996, was chosen unanimously by National Football League owners to buy the new Browns franchise for \$530 million, a record sum for a North American sports franchise. Lerner defeated a \$500 million offer from Charles Dolan, the chairman of Cablevision Systems, and his brother, Lawrence, a Cleveland-area lawyer.

"If you ask me how it feels to write a check for a pair of shoes, I could tell you," said Lerner, the chairman of MBNA Corp., a giant credit card issuer, who is worth a reported \$2.5 billion. "But at this level, it's a unique experience." (NYT)

A Night to Remember

'It's Been Some Summer' for Baseball

By Michael Wilbon
Washington Post Service

ST. LOUIS — Inevitable as it had become that Mark McGwire would pass Roger Maris, the moment it took for his uncharacteristic line drive to clear the left-field wall was just as dreamy, just as joyous and dramatic and emotionally overpowering as if it had happened on the last at-bat of the season.

Folks from Major League Baseball had said as this chase heated up that they did not want the game to be interrupted after the historic 62d home run. But thankfully McGwire paid them no

VANTAGE POINT

mind. Thankfully he and the Chicago Cubs, and especially Sammy Sosa, let it all hang out with their high-fives and back slaps and bearhugs.

Thankfully, McGwire forgot all about the game long enough to hop the railing near the first base dugout and hug the Maris children, whom if they were conflicted about their dad's being surpassed never let on.

I'm sure there are hard-nosed purists out there who don't understand infielders' congratulating a man for hitting a home run in a game so critical to the standings. I'm sure poor Steve Trachsel, who gave up the historic blast, could have done without Sosa's rushing in from right field to be hoisted into the air by the mammoth Big Mac. I'm sure there were coaches in that Cub dugout, old-school guys who ask no quarter and give none, who wondered where the players' priorities had gone to celebrate a home run that cut the Chicago lead to 2-1.

To all of that, the only and obvious answer is: "It's once in a lifetime."

I don't know that there's ever been so much emotion, so much ecstasy released in a baseball game without a league championship series or World Series being contested. But this is what happens when a feat of 37 years is surpassed. That McGwire was able to hit No. 62 before summer turned to fall makes it even more remarkable. It took McGwire only 145 games, nine games fewer than Babe Ruth had available to him back in the 1920s and '30s, and 17 games fewer than were available to Maris.

The only suspense was when and how far. McGwire was at first so uncertain the ball would clear the fence that he sprinted from the batter's box. Then, realizing the ball had cleared the fence, he was so juiced he went right by first base without touching it.

Now wouldn't that have been a historic moment? Suppose McGwire had never gone back to touch first base and the Cubs made an appeal to nullify the home run?

The chase to pass Ruth and Maris has been as complete as it has been historic. Not all the record-setting nights in major league baseball have been conducted with such class. It has been a long time, but some of us will never forgive the then commissioner, Bowie Kuhn, for failing to be in attendance when Hank Aaron hit home run No. 715 to break Ruth's career mark.

Commissioner Bud Selig would not miss the culmination of a summer that has revived baseball. "It's been some summer," he said of McGwire and Sosa. "People for two or three generations will remember where they were when McGwire hit the home run. What utter grace and dignity they've brought to the game. It's not only their achievements, which are obviously magnificent, but it's the way they handled themselves."

A 'Regular Joe' Gives Ball to McGwire

The Associated Press

ST. LOUIS — The young man who retrieved Mark McGwire's historic 62d home-run ball answered as many questions as he could. Then, no way around it, he had to go: The field was a mess, and duty called.

"I'm on the clock," said Tim Forneris, 22, who until Tuesday night was no different from any other member of the Busch Stadium ground crew.

It had been a main thing to speculate about for days. In St. Louis, the question raged: Keep it or give it back? Return it gratis or cash money and lots of cool stuff from McGwire and the Cardinals?

It proved easier than anyone imagined. For Forneris, who retrieved the ball from behind the left-field wall, it was not even a choice. "It's not mine to begin with," he said, though most people agreed that, technically, it was once he got his hands on it. "McGwire just lost it, and I brought it home. I'm just a regular Joe."

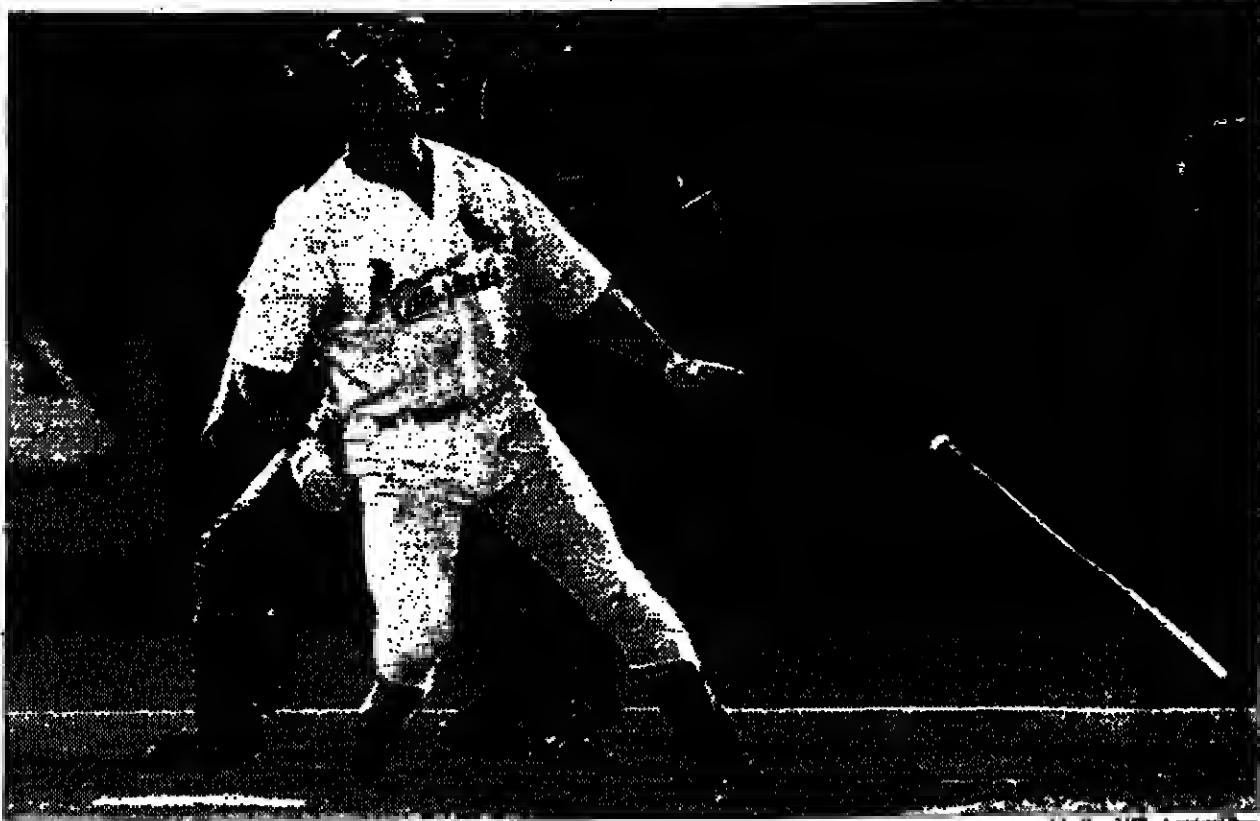
At a postgame ceremony, McGwire took the ball, examined it and held it up triumphantly. The Hall of Fame then took possession of the ball, as well as McGwire's bat and uniform.

■ The IRS Beats Hasty Retreat

The Internal Revenue Service said that the person who retrieved McGwire's 62d home run ball and immediately gave it to the slugger would not have to pay a federal gift tax regardless of the estimated worth of the ball. The Washington Post reported.

Various estimates had placed the value of the ball at \$1 million. An IRS statement said anyone who immediately returned the ball "would not have taxable income."

"This conclusion," it said, "is based on an analogy to principles of tax law that apply when someone immediately declines a prize or returns unsolicited merchandise. There would likewise be no gift tax in these circumstances."



Mark McGwire watching his record-breaking 62d homer clear the fence near the left-field foul pole.

McGwire: No. 62 Moves Like Rocket but Will Linger in Memory

Continued from Page 1

"People say this has brought the country together," McGwire, 34, said of his duel with Sammy Sosa, the Chicago Cub, for the home-run record. "So be it. I'm happy to bring the country together. Sammy and I have helped put baseball back on the map as The Sport, America's pastime."

Everything about the last few days here in McGwire's home park — in which he has hit home runs No. 60, 61 and 62 — has had the feeling of an affectionate middle-American home movie, dripping with sincerity, sentiment and the impulse to include every possible person in the festivities.

In the last two games, McGwire has surpassed the legendary totals — learned by millions of American children — of 60 homers in 154 games by Babe Ruth of the New York Yankees in 1927 and 61 homers in 162 games by the Yankees' Maris in 1961. By stunning contrast, this was merely McGwire's 145th game.

Baseball has a new heavyweight slugger champion: a knockout.

As a further twist of fate, McGwire has no assurance he will finish this season with the all-time record. On the same field on Tuesday night was Sosa, who has 58 homers. After McGwire lifted Sosa in the air in celebration — just as he had his 10-year-old bat-boy son, Matthew, moments before — the pair exchanged hugs as well as Sosa's trademark heart-tap-kiss-blow gesture.

Over the last three seasons, in which he has hit 172 homers, McGwire, 34, has established himself as the most prodigious slugger since Ruth. And perhaps the best, including Ruth. But he has

also become, perhaps, the most open, demonstrative and sharing slugger since Ruth, as well. That emotional largesse came naturally to Ruth. For McGwire, it has been hard won — through divorce, career-threatening injuries, horrible slumps and several years of therapy.

On Tuesday night, however, even Ruth could not have risen to the moment with more genuine exuberance. McGwire hugged Cubs infielders, did his version of the Sosa shuffle as he approached second base and pointed his finger to the sky in honor of the late Maris all before he had touched home plate.

With the 11-minute, game-stopping celebration barely in full swing, the precious 62d home run ball — for which offers of \$1 million have been made — was already in McGwire's possession. Who got it? In a sense, nobody did. The ball never reached the stands. Instead, it clattered around a storage area just beyond the fence when Tim Forneris of the Busch Stadium grounds crew picked it up and retrieved it for McGwire.

So much for \$400 bleachers tickets as a kind of Home Run Ball Lottery. McGwire now has his last seven home run balls, returned to him in exchange for nominal gifts or nothing at all.

As McGwire's liner headed toward the wall, one person seemed to know that the ball would carry farther than any normal hitter could expect. Kevin Maris, one of Roger's five children at this game, said, "There it is," as the ball was in flight. The split second it left the yard, he threw his arms in the air and cheered — not as though his father's record had been broken, but as if something grand had happened. That, too, has been a product of McGwire's

work, as he has sought out the Maris family since they arrived.

McGwire climbed the box seat railing and drew multiple Maris children to him — whispering in their ears, exchanging private thoughts in a public moment. Maris got a terrible press 37 years ago, but, thanks to McGwire, he's gotten a great one for the last week.

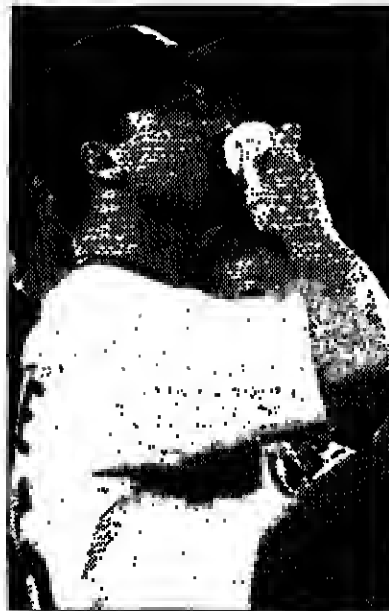
"Like I've always said, Mark's a better person than a player," said Tony LaRussa, the Cardinals' manager.

Perhaps the most remarkable aspect of McGwire's achievement is the way he has gotten stronger, hit better and embraced the public spotlight more as he has approached No. 62. "You can't waste any brain cells thinking about it for hours and hours," said McGwire, who has tried to block out Big Thoughts away from the park. Once on the field, "sometimes," he admitted, "you might be shaking a little bit, heart beating a thousand miles a minute."

Yet, for the most part, he has been model of composure. Once, last Friday, he had to call time-out at the plate when the crowd's roars and his own excitement had him gasping for breath from hyperventilation. But Sosa's presence seemed to have calmed him on Monday and Tuesday. Home runs No. 61 and 62 followed.

"It has been quite amazing," McGwire said Monday. "I think I have amazed myself. I think I have amazed other people. So it is hard not to have emotions for this."

He hardly knew that this constituted understatement. On Tuesday night, his home run was short and quick, but the emotions that followed afterward were long, slow and deep.



McGwire kissing the ball that Steve Trachsel pitched and he hit out.

Overshadowed but Not Forgotten: Maris, 37-Year Home-Run King

By George Vecsey
New York Times Service

While everybody is cheering Mark McGwire, let us not overlook Roger Maris. For 37 years, in life and in death, Maris held one of sports' most important records, despite the sullen disapproval of many fans, who saw him as a one-trick imposter.

The incessant buzz of the talk-radio age has turned Babe Ruth into "the fat guy who hit home runs," which is purely bogus. Ruth was an agile right fielder for much of his career, with a good arm and a good baseball brain, and Maris was a worthy successor.

Maris surpassed Babe Ruth and Mickey Mantle under intense pressure, and his 61 home runs in 1961 really should have brought him more fame, more money, more joy and more permanent respect than they actually did.

"Roger played in seven World Series, was a two-time most valuable player — and he broke Babe Ruth's record," said Ralph Terry, a former teammate. "But he got in a feud with a couple of writers, so he's not in the Hall of Fame."

"People forget just how good a ball-player he was," said another teammate, Johnny Blanchard.

Maris never had a buffed or laboratory look. His muscles came with the original package that once ran back five kickoffs for touchdowns in a high school football game. His hands and his eyes were intimately coordinated at birth, and his compact, powerful, left-handed uppercut stroke was born to drive a baseball into the porch in Yankee Stadium.

He was no surprise when he hit 61

homers. Roger Eugene Maris was born on Sept. 10, 1934, in Hibbing, Minnesota, and raised in North Dakota.

He arrived in the majors in 1957 with Cleveland. The next year he was traded to the Kansas City A's, the Yankees' major league farm team in the docile cartel that was the American League in the bad old days.

"They loved him in Kansas City," said Terry, who was exiled there by the Yankees for a couple of years. "He could run and drag a punt and he was leading the league around 345 when he had an appendectomy."

He came back too soon, and his stomach muscles were weak and he had a couple of slumps like 2-60 and 5-90 and he finished at 273.

"That was the only way Kansas City could send him to the Yankees," Terry added. "If he was hitting 345, they would have torn up the place if Roger was traded."

When the Yankees failed to win the pennant in 1959 — an outrage to all — management sent Hank Bauer, Don Larsen, Norm Siebern and a minor league slugger named Marvin Eugene Throneberry to their Kansas City cousins for two other players and Maris.

"I heard the news on the tube and I went out and bought a new car," said Blanchard, recalling the era of modest salaries, when buying a car was a big deal for a second-string catcher. "My wife asked me if I was crazy, but I had caught against Roger in the minors and the majors, and I knew he was what we were missing."

"I bought the car in January — and paid for it in October," said Blanchard, now 65 and retired in Minnesota.

Maris arrived in spring training with a

crew cut and a lopsided snirk, his way of deflecting attention.

"I remember asking him what his goals were for 1960," recalls Jim Ogle, who covered the Yankees for many decades for The Newark Star-Ledger and is now the loyal organizer of the Yankee alumni. Maris, who hit 58 homers in his first three seasons, said he hoped to hit 25 or 30 home runs, and Ogle asked if Maris was not setting his goals too low.

"Roger said, 'If I say 25 or 30 and I hit 35 or 40, then I'm having a good

year,'" Ogle recalled. "But if I say 35 or 40 and I only hit 25 or 30, then I'm having a bad year."

"That was typical Roger Maris. He would tell you exactly what he was thinking. You may not like it, or agree with him, but he didn't care."

Casey Stengel sent him out to play right field, where Babe Ruth and Tommy (Old Reliable) Henrich had patrolled.

"Casey was a stickler on always hitting the relay man," Blanchard said. "I don't think in his entire career that Ro-



Mark McGwire hugging Roger Maris's son Richard after No. 62.

ger ever threw to the wrong base."

The new man batted 283 and led the league with 112 runs batted in and 39 homers and was voted the most valuable player.

The 1961 Yankees are now remembered as one of the great teams. Mantle and Maris shared a bittersweet laugh at the way the fans cheered Mantle and rooted for him to break the record. There were rumors of a feud between the two, who shared an apartment in New York.

"Shoot, everybody knew Mickey was the greatest, and he helped Roger to bat third, ahead of Mickey, but Roger was the one who broke the record," said Terry, 62, a golf pro in Kansas.

While Mantle faded slightly, the press continued to flock to the stadium. It was nothing like the swollen swarm of reporters and camera crews today, but still a shock to gruff country boys like Mantle and Maris.

Most of the time, Maris was blunt and even funny. For a while, he even joked when his hair started turning white, in patches.

Terry recalled pitching in "the asterisk game," the 154th game, which would have been the last game of the season under the traditional schedule.

"The wind was blowing in at about 18 miles per hour," Terry said of the game, played in Baltimore.

"The first time he hit a drive to the fence. The second one went out." That was No. 59.

Maris tied Ruth in "asterisk" overtime and then on Oct. 1, 1961, Maris swatted a fly into the right-field stands for his 61st homer.

For decades, Maris's record for 162

games and Ruth's record for 154 were both listed in the record book, until Ruth's line was dropped in the early 1990s by Fay Vincent, the last commissioner who was not an owner.

The writers voted Maris the most valuable player once again, for hitting 269 and leading the league with 132 runs scored, 142 runs batted in and, of course, 61 homers.

Maris later became alienated from the Yankees, believing management favored the fragile Mantle and overlooked Maris's injuries.

"Roger broke his hand in the spring of 1962 catching a ball Kaline hit off me," Terry said, referring to Al Kaline, the Detroit right fielder.

"He played the whole season, but it never healed right, and he lost his grip and never had the same power."

Maris reacted to some hatchet jobs in the press, and stopped talking to most reporters.

"If you ever crossed Roger one time, he'd never speak to you," Terry said. "That was Roger."

Ultimately, the Yankees shipped Maris to St. Louis, where he helped win pennants for the Cardinals in 1967 and 1968, before quietly retiring.

He died of cancer in 1985, finally reconciled with the Yankees.

■ Maris's Widow Hospitalized

The widow of Roger Maris, Patricia, was reported in satisfactory condition Wednesday after spending the night in hospital after developing an irregular heartbeat for the second time this week. The Associated Press reported from St. Louis.

She was expected to be released on Wednesday.

★

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BASEBALL

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Baltimore Orioles	1	1	1-1
Boston Red Sox	1	1	1-1
California Angels	1	1	1-1
Cleveland Indians	1	1	1-1
Cincinnati Reds	1	1	1-1
Columbia River	1	1	1-1
Florida Marlins	1	1	1-1
Los Angeles Dodgers	1	1	1-1
Los Angeles Angels	1	1	1-1
Minnesota Twins	1	1	1-1
Montreal Expos	1	1	1-1
New York Yankees	1	1	1-1
Oakland Athletics	1	1	1-1
Pittsburgh Pirates	1	1	1-1
San Diego Padres	1	1	1-1
Seattle Mariners	1	1	1-1
St. Louis Cardinals	1	1	1-1
Tampa Bay Devil Rays	1	1	1-1
Texas Rangers	1	1	1-1
Toronto Blue Jays	1	1	1-1
Washington Nationals	1	1	1-1
White Sox	1	1	1-1

INTERNATIONAL FRANCHISES

Various international sports franchises and events listed.

SPORTS

For Hingis, Satisfying Victory Over Seles

By Robin Finn
New York Times Service

NEW YORK — It's not that she is jaded: Martina Hingis delights in winning matches. Any match, anywhere. But it takes a special occasion, such as her 6-4, 6-4 defeat of Monica Seles in their Wimbledon U.S. Open quarterfinal, to provoke the 17-year-old sophisticate to leap with joy as punctuation to a soul-satisfying victory.

No sooner had Hingis cranked out an ace on her first match point on Tuesday

U.S. OPEN

night than she jumped into the air as if she intended to ride a pogo stick out of Arthur Ashe Stadium. Just two rounds from a victory that would make her the youngest U.S. Open champion to mount a successful title defense, she was in a mood to celebrate.

The victory also halted Hingis's two-match losing streak to Seles, a tiny streak of futility that caused no shortage of irritation to Hingis, who considers it inexcusable to drop a match to the same

person twice. After absorbing semifinal defeats at both Roland Garros and Wimbledon this year, a development she terms a setback when compared with her winning three of the four Grand Slams in 1997, Hingis has been particularly keen on defending her turf at this Open.

"I know I haven't done as well as last year, but life goes on, and now I'm in the semifinals same as last year," said Hingis, who immediately set her sights on using this semifinal, where she will face the Wimbledon champion, Jana Novotna, to exact revenge for her loss to Novotna in that semifinal.

Played in autumnal conditions, the quarterfinal took just 72 minutes and was outdone toward its brisk conclusion by 26 unforced errors from Seles. Seles had trouble keeping her forehands — whether she was using her traditional two-handed technique or the more flexible but less reliable one-handed shot she has worked into her repertoire — within bounds.

There were some points, she said, where she was "out of control," but she said of problems caused by the wind. "I felt lost this entire tournament."

Earlier in the day, Andre Agassi and

Karol Kucera could be forgiven for being so confused about their U.S. Open mission that they occasionally forgot how to play tennis and lapsed into a five-set comedy of unforced errors, 145 in all, that eventually cost this Grand Slam the continued services of its 1994 champion.

The two were shunted from one stadium to another, assigned a match schedule that shifted from day to night and back into day. They were ordered to start their Round of 16 tilt on a dark, damp court Monday night and finish it Tuesday on a dry court that sparkled like an emerald.

"Any time you deal with the elements, and curveballs, two players have to deal with it, and I think he dealt with it better than I did," said the eighth-seeded Agassi after Kucera avenged his loss at the 1996 Olympics with a 6-3, 6-3, 6-7 (5-7), 1-6, 6-3 victory. He will face the top-seeded Pete Sampras.

Patrick Rafter, the Open's defending champion, handled the two-day format better than Agassi did. He outlasted the 14th-seeded Goran Ivankovic for a 6-3, 6-4, 6-6, 6-1 victory that carried him into the quarterfinals against Jonas Bjorkman of Sweden.



Martin Edwards, chairman of Manchester United, left, and Mark Booth, chief executive of BSkyB, agreeing to the deal Wednesday.

MAN U: Murdoch Snaps Up Soccer Club

Continued from Page 1

Manchester, told Reuters he was "disgusted" by the purchase. "What's he ever done for the sport except put it out of reach of people who traditionally watched it?" he asked, referring to Mr. Murdoch.

Michael Crick, a supporter and small shareholder in the stock exchange-listed club, quickly formed a shareholder group that vowed to oppose the deal and lobby the government to block it.

"Manchester United should be run by people who support the club," he said. The offer was accepted by United's chief executive, Martin Edwards, and directors that own a combined 16.5 percent of the club, and it was welcomed by the institutional investors, who own roughly 60 percent of the club, so the hopes of angry fans appeared to rest with antitrust regulators.

The government said it would submit the £623 million cash and share offer to the Office of Fair Trading for an investigation of its impact on competition. Peter Mandelson, the trade and industry minister who rules on mergers, insisted earlier this week that any takeover bid would be reviewed "searchingly."

Officials have indicated their concerns centered on whether BSkyB would gain an unfair advantage for future broadcasting rights via ownership of the club, the most popular and successful in Britain.

The deal clearly raises some fairly interesting competition issues when effectively the monopoly supplier of paid subscription TV in the United Kingdom buys what is the largest jewel in the crown, Clive Hollick, chief executive of United News & Media PLC and long-standing Murdoch rival, told Reuters.

BSkyB, which is 40 percent owned by Mr. Murdoch's News Corp. International, dismissed the competition concerns. Mr. Booth said BSkyB would be just one of 20 owners of Premier League teams who decide broadcasting rights.

Mr. Murdoch has jumped on the bandwagon to own sports teams with alacrity. In addition to the deal for Manchester United, which was struck late Tuesday, Mr. Murdoch's Fox Group bought the Los Angeles Dodgers baseball team in March for \$3.1 billion. Mr. Murdoch also has an interest in a 20 percent stake in the New York Knicks basketball team and the New York Rangers hockey team.

Mr. Murdoch told shareholders last year that sports were the "battering ram" that would enable Fox, BSkyB and his StarTV in Asia to penetrate their markets.

Whether the deal affects Mr. Murdoch's ties to Mr. Blair is perhaps the biggest unanswered question. Mr. Blair's efforts to woo Mr. Murdoch paid off last year when The Sun, his flagship tabloid, endorsed the Labour leader ahead of Britain's general election.

Maddux Stays Calm as He Continues to Struggle

The Associated Press

Greg Maddux insists he has not been pitching differently in recent starts. The difference has been in the results.

Maddux had another tough outing Tuesday night, allowing five earned runs to Montreal in the Expos' 6-3 victory over the Atlanta Braves.

Maddux (17-8) has allowed 24 earned runs in his last six starts, covering 39 innings, to see his ERA climb from 1.53 to 2.20. He gave up six runs on six hits in seven innings against the host Expos, striking out nine and walking a season-high four.

"Even when I gave up the runs, I felt good," he said. "I thought I threw some pretty good change-ups that just didn't get swung at. It's going to happen."

Maddux refused to blame a 1-hour-14-minute rain delay in the bottom of the first for his lack of effectiveness. When the game resumed, Montreal

scored four runs on an error, two singles and a hit batter before Maddux ended the inning by striking out Miguel Batista, his 2,000th career strikeout.

Montreal's starter, Miguel Batista (3-5) allowed three runs — two earned — and four hits in six innings. Ugueth Urbina got four outs for his 29th save.

Forbes 6, Brewers 7 Jose Guillen blooped a two-run, two-out single off Eric Plunk (0-2) in the eighth inning as Pittsburgh rallied from a 7-0 deficit.

Phillies 10, Mets 4 Rico Brogna, Kevin Seick and Bobby Estalella each homered twice in Philadelphia. Marlon Anderson added a homer in his first major league at-bat for the Phillies. The Mets' Hideo Nomo (6-12) was tagged for seven runs and six hits in 2 1/2 innings.

Astros 13, Reds 7 Jeff Bagwell hit his first career grand slam and tied a career high with six RBIs as the Astros (92-53) tied Atlanta for the NL's best record.

Rockies 11, Marlins 10 Vinny Castilla matched a career high with six RBIs,

including the game-winning two-run single in the ninth at Coors Field.

Giants 5, Padres 1 Marvin Benard hit a leadoff homer and went 4-for-4, and J.T. Snow drove in two runs for the visiting Giants.

Dodgers 6, Diamondbacks 5 Raul Mondesi tied it with a three-run home run in the eighth inning, and Eric Karros drove in the winning run with a sacrifice fly in the 11th for the visiting Dodgers.

In the American League: Rangers 7, Royals 6 Ivan Rodriguez's two-run single with one out in the ninth led Texas over the Kansas City Royals, pulling the Rangers within two games of AL West-leading Anaheim. Toronto, which had the day off, pulled within 4 1/2 games of Boston in the wild-card race when the Red Sox lost to the Yankees.

Texas trailed, 6-4, in the ninth before Rusty Greer's RBI single off Jeff Montgomery (2-5) and the winning hit by Rodriguez.

Yankees 3, Red Sox 2 The Yankees' David Cone allowed two runs — one

earned — and two hits in seven innings, striking out 11 in Fenway Park. New York, which battered the AL for five months before an 8-11 slump, needs just one more victory or a Boston loss to ensure the AL East title.

Twins 5, Angels 6 Brad Radke (11-3) allowed six hits in seven innings and struck out 12 to win for the first time since July 28 in visiting Minnesota's victory.

Devil Rays 6, Mariners 0 In Seattle, Wilsoo Alvarez (6-3) allowed two hits in seven innings, combining with two relievers on a two-hitter to win for the first time since July 26. Ken Griffey Jr., who leads the AL with 50 homers, was 0-for-3 with a walk.

White Sox 12, Tigers 6 Jeff Abbott homered twice at Comiskey Park. Rohin Ventura hit a two-run shot and Wil Cordero added a solo homer.

Orioles 5, Athletics 2 Doug Johns and three relievers combined for a seven-hitter and Brady Anderson's infield single in the fifth scored the go-ahead run in Oakland.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	W	L	Pct.	GB
Yankees	101	41	.711	—
Red Sox	82	61	.573	19 1/2
Tigers	78	65	.543	24
Blue Jays	72	72	.500	30
Tampa Bay	56	87	.392	45 1/2
CENTRAL DIVISION				
Cleveland	79	64	.552	—
Chicago	68	75	.477	11 1/2
Kansas City	65	78	.453	14
Minnesota	64	79	.447	15
Detroit	54	91	.372	26
WEST DIVISION				
Seattle	79	64	.552	—
Los Angeles	77	67	.533	2
Oakland	66	78	.458	13
San Diego	66	78	.458	13 1/2
TEXAS LEAGUE				
Angels	79	64	.552	—
Padres	72	72	.500	7
Brewers	68	75	.477	11 1/2
Mariners	64	79	.447	15
Rockies	54	91	.372	26
PISTONS				
Atlanta	79	64	.552	—
New York	68	75	.477	11 1/2
Philadelphia	65	78	.453	14
Charlotte	54	91	.372	26
San Diego	79	64	.552	—
San Francisco	79	64	.552	—

TODAY'S LINEUPS

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DENNIS THE MENACE



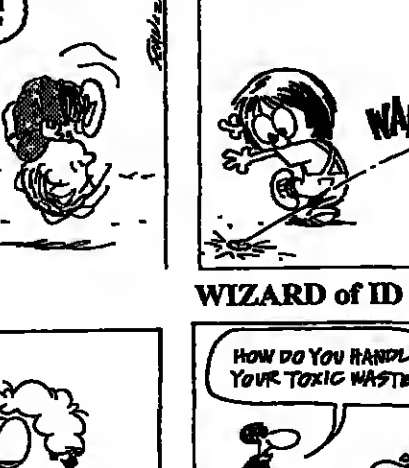
PEANUTS



CALVIN AND HOBBES



WIZARD of ID



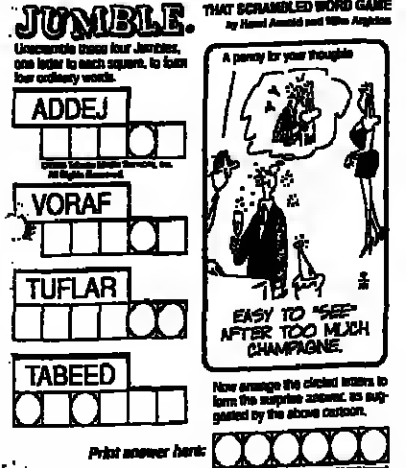
NON SEQUITUR



DOONESBURY



JUMBLE



BEETLE BAILEY



BLONDIE



WIZARD of ID



NON SEQUITUR



DOONESBURY



INTERNATIONAL FRANCHISES

Appe

ART BUCHWALD

My Summer Vacation

NEW YORK — What I did on my summer vacation.

President Bill Clinton: "I had a great summer. I played golf, read and attacked Saddam. When I wasn't doing anything important, I testified to the grand jury and won the hearts and minds of the American people."

"The highlight of the summer was giving a TV broadcast with the highest TV rating of my administration."

"Hillary said it was the best speech I had ever given, though she didn't understand the entire thing. The big moment came when I admitted to telling a 'fib' in front of everyone. For punishment I said I wouldn't have a Burger King Whopper for three days. When I asked forgiveness for not telling the truth, everyone gave it to me."

Kenneth Starr: "I had a swell summer subpoenaing everyone in Washington, including the Redskins' pompom girls, the mounted police at the Lincoln Memorial and the plebe class at Annapolis."

"I traveled a lot, going from one grand jury to another. I also acquired a terrific tape collection that I'm going to trade for a set of Mark McGwire baseball cards."

Monica Lewinsky: "My summer was the best I ever had. I played on the White House intern volleyball team, helped the president restore the Japanese yen and picked out targets in Afghanistan. It was very spicy, and at the end I was chosen 'Miss Congeniality' by the White House staff."

"I guess the best part of my summer was being granted immunity for anything I said. My dream is to become a national security adviser and the president's eyes and ears in the Oval Office."

Linda Tripp: "I couldn't have had a better summer, and I intend to sell the details to Mrs. Goldberg for a bundle. I met a neat friend this summer named Monica Lewinsky, and I took down everything she told me about archery and free-style swimming. Monica and I promised to stay close when camp was over."

"I'm glad it's finished because the tape machine I'm wearing is getting heavy."

Royal Opera to Close for a Year

LONDON — Britain's Royal Opera, mired in a £13 million (\$21.5 million) debt and a string of management crises, on Wednesday announced an almost yearlong closure to cut costs and put its affairs in order.

The company will stop performing in January 1999 and resume in December 1999, when the number of performances will be reduced by one third. The Covent Garden site of the Royal Opera is undergoing a £214 million redevelopment — about one quarter of which comes from public lottery funds — and the ballet and opera companies have been touring and performing in other London theaters for the past year.

Poetic Justice for an Artist Ridiculed by the Nazis

By Craig R. Whitney
New York Times Service

BERLIN — Shortly before he left Germany for the United States in 1937, the artist Lyonel Feininger wrote to his son Luc: "I feel 25 years younger now that I know I am going to a country where imagination in art and abstraction are not considered an absolute crime, as they are here."

Feininger, an American who led a German life, was not emigrating but returning to his native country, driven from Germany by the political and cultural intimidation that had arrived after Hitler came to power in 1933. Shortly after Feininger left, the Nazis seized 378 of the works that had made him one of the most famous artists in Germany, singling out some of them for ridicule in an exhibition of "degenerate art" in Munich.

But this year, Germany has been celebrating Feininger as one of its own, with retrospectives of his watercolors and sketches in Hamburg and Tuebingen and, since July, a retrospective of 137 of his 540 oil paintings at the Neue Nationalgalerie here. So far, about 60,000 visitors have seen the exhibition, which occupies most of the spacious basement of the gallery, a glass-and-steel museum designed by Mies van der Rohe, who, like Feininger, was a guiding spirit of the Bauhaus movement before the war.

The show, "Lyonel Feininger: From Gelmoroda to Manhattan," traces the artist's vision, from the inspiration he found in church architecture in villages like Gelmoroda, in the Thuringian countryside near Weimar, to his final years in his native New York City, where he died in 1956.

After closing on Oct. 11, it will re-open in Munich on Nov. 1 in the Haus der Kunst, remaining until Jan. 24. There is poetic justice in the setting: The building, designed for Hitler by one of his favorite architects, Paul Ludwig Troost, is now devoted to the kind of modern art the Nazis tried to destroy.

"The last big Feininger exhibition in Germany was held in the Haus der Kunst in 1973," said Roland Maerz, the organizer of this retrospective. "He was never forgotten in Germany, but this year, thanks to cooperation from private collections and museums in Germany, elsewhere in Europe and the United States, we've been able to put together the first show devoted exclusively to his paintings."

Maerz said he would have liked to schedule an American stop for the exhibition but that "some of the lenders didn't want the paintings gone for such a long time."

It is Berlin's biggest Feininger exhibition since 1931, when 137 of his oil paintings, drawings, and watercolors were exhibited in the Crown Prince Palace, which was destroyed during World War II.

Leonel Charles Feininger (he changed the spelling as an artist) was born into a family of musicians in New York in 1871. His mother, Elizabeth Lutz Feininger, was a singer and pianist, and his father, Karl (or Charles) Feininger, was a classical violinist whose own father had fled Germany for the American South after the failure of the 1848 revolution. Leo, as he was called, was steered by his parents toward a career in music, which played an important role in his art. He was an accomplished violinist, could play the 48 preludes and fugues in Bach's "Well-Tempered Clavier" on the harmonium and harpsichord and composed 13 fugues of his own for piano and organ.

Feininger's parents wanted him to study music in Germany, but in 1887 he persuaded them to let him go there to study painting instead. He stayed, married and established a reputation as an artist, though at first mainly as a caricaturist. In 1906 he signed a contract with The Chicago Tribune to produce two cartoon series. The Tribune wanted him to move to Chicago, but by then he had met Julia Lilienfeld Berg, a painter who widened his artistic horizons and changed his life. Both divorced to marry each other and remained in Germany.



Lyonel Feininger painted "Manhattan, Night," in 1940.

The Tribune terminated Feininger's contract, and he produced his first oil paintings in 1907.

The exhibition begins with an overview and then proceeds chronologically. Art by painters who inspired him, like Cubist works of Picasso, Braque and Robert Delaunay or, more speculatively, the 19th-century German Romantic painter Caspar David Friedrich, are saluted strategically among Feininger's work to make their points.

"My 'cubism' (again wrongly so called) I would rather call, if it must have a name, 'Prisma-ismus,'" he wrote in 1913 to a childhood friend, the American painter Alfred Vance Churchill. Some of the church paintings as well as works like "The Bird Cloud," lent by the Busch-Reisinger Museum at Harvard, indeed have a prismatic effect.

The rich catalogue includes an essay titled "Lyonel Feininger in Germany" by one of his surviving sons, Luc, an artist in Cambridge,

Massachusetts, and pictures by another, the photographer Andreas Feininger, that document their father's links to the Bauhaus movement. That association started with an early invitation to Weimar from Walter Gropius in 1919 and continued until the Nazi-dominated city council in Dessau dissolved the Bauhaus there in 1932.

In 1933, two years before the Nuremberg race laws were enacted, the Nationalgalerie asked Feininger to prove his Aryan background going back two generations and beyond, which soon became a prerequisite for permission to work in Germany as an artist. Although his forebears were German Swabian Catholics, he was, he told friends, increasingly referred to as "the Jew Feininger." His wife was partly of Jewish ancestry, and the couple soon realized that their days in Germany were numbered. Feininger accepted a teaching invitation from Mills College in California in 1936, and the couple left Germany for good on June 10, 1937.

"One day it will be said of me that at age 65 I entered New York Harbor with two whole dollars in my pocket," Feininger recalled of his arrival.

Unsettled at first by the skyscrapers that had sprung up in New York during his 50-year absence, he produced his distinctive visions of them, while still trying to summon Germany back from memory. Lines that had been clear and prismatic became blurred, and his pastel colors darkened, for example in "Shadow of Dissolution," a 1953 painting that anticipates his death three years later.

But other works seem to close a circle that began with the Gelmoroda paintings. "Manhattan, Night," a 1940 canvas, bears a startling resemblance to "Stars Above the Town," started 20 years earlier. The stars, like fiery crosses, that illuminated the German town now transfigure the New York nightscape, completing a vision for which the artist is revered in both his countries.

PEOPLE

MORE than six centuries after the celebrated Alexandria lighthouse tumbled into the Mediterranean, Pierre Cardin is unveiling a fluorescent obelisk meant to recall the monument, one of the Seven Wonders of the Ancient World. Cardin's column of colored light — concrete covered with mirrored glass — will rise 145 meters (475 feet) and cast beams 60 kilometers (35 miles) out to sea from the tip of a jetty overlooking the Bay of Alexandria. That's just a stone's throw from where the original lighthouse stood before it was destroyed by two earthquakes in 1349. Cardin, head of a worldwide empire of fashion, food and cosmetics, said approval of the 500 million franc (\$86 million) obelisk came from Egyptian officials on Aug. 31 after months of negotiations. "It's now a question of financing," he said.

A lightning strike sent flames shooting through the roof of the Pulitzer Prize-winning poet Rita Dove's home in Charlottesville, Virginia, causing about \$250,000 in damage but sparing

her original manuscripts. Dove won the 1987 Pulitzer Prize in poetry for her book "Thomas and Beulah."

Royalty and envoys from the countries of the long-dead Austro-Hungarian Empire gathered Wednesday to recall Geneva's most famous murder — the lakeside stabbing of Empress Elizabeth, known as Sissi. On the eve of the

100th anniversary of her assassination, they were attending the unveiling of a life-size bronze statue on the spot where she was attacked. The wife of Emperor Franz Josef was stabbed by Luigi Lucheni, a self-proclaimed anarchist who died in prison 12 years later.

Carefully prepared by his trainers for Wednesday's flight to home waters near

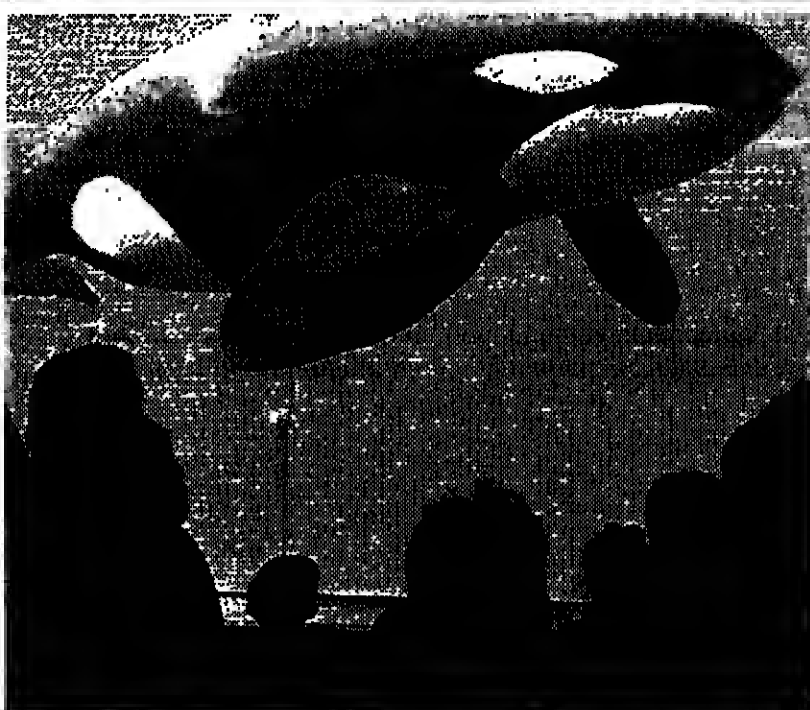
Iceland in his next step toward freedom, Keiko the killer whale floated calmly as hundreds gathered at underwater windows at the Oregon Coast Aquarium in Newport to bid farewell. Keiko, the star of the "Free Willy" movies, was on his way to the Westman Islands off Iceland, where a floating sea pen as big as a football field will be his halfway house. Trainers say it will be months before they determine whether Keiko can ever be released into the open sea. Keiko was captured in 1979 off Iceland and has spent 19 years in concrete tanks.

Michael Douglas donated \$10,000 to the UN Food and Agriculture Organization during a visit to the Venice film festival. The actor, who has sent autograph hunters into a frenzy since arriving in Venice, handed over the check to officials at the agency's stand at the festival. The Rome-based organization has involved sports and entertainment stars in its "Food for All" campaign, designed to halve the number of hungry people in the world by 2015.

Foundation to Make \$8 Million in Grants

New York Times Service

NEW YORK — The Doris Duke Charitable Foundation was to announce \$8.1 million in grants to the arts on Wednesday, including \$3.5 million to support construction of a 10-story complex of the New 42nd Street Inc. in Manhattan, where theater and dance artists can create, rehearse, perform and teach. In addition, \$2 million will go to the National Dance Project of the New England Foundation for the Arts for the creation of new work and for its tours. The Walker Arts Center in Minneapolis is to receive \$1.5 million, including \$500,000 to commission work by contemporary jazz artists; the remaining \$1 million is to be matched by the Walker to establish an endowment for future music and dance projects.



Keiko swimming by spectators outside his tank in Newport, Oregon.

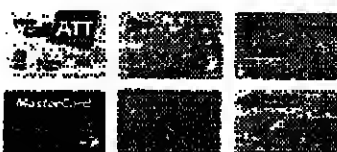


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France.....	0-800-99-0011	Netherlands.....	0800-022-9111
Germany.....	0130-0010	Russia (Moscow).....	755-5842
Saudi Arabia.....1-800-10			
Spain.....910-99-00-11			
Sweden.....020-795-611			
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